

Third Annual Report  
2009 - 2010

Binny Mills Limited

## **BINNY MILLS LIMITED**

<b>CONTENTS</b>	<b>Page</b>
Board of Directors and Management	2
Notice	3
Directors' Report	9
Auditors' Report	15
Balance Sheet	19
Profit and Loss Account	20
Schedules	21
Statement Of Cash Flows	31
Company's Business Profile	32

**A REQUEST**

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

**Binny Mills Ltd**

## **BINNY MILLS LIMITED**

**TCP Sapthagiri Bhavan, 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 Third Annual General Meeting of the Company will be held on Monday, the 27<sup>th</sup> September 2010 at 10-15 A.M. 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 31<sup>st</sup> March 2010 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 V. R. Venkataachalam 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."

#### **SPECIAL BUSINESS:**

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

**"RESOLVED THAT** subject to such approvals as may be required, the Articles of Association of the Company be altered in the manner set out below:

1. By inserting in the Articles of Association the following new articles:

##### **119'A. Retirement of Directors by Rotation**

- 1) As provided in Section 255 of the Companies Act, 1956, two-thirds of the total number of directors of the company, for the time being, shall be persons whose period of office is liable to determination by retirement of directors by rotation.
- 2) At each Annual General Meeting of the company one-third of such of the directors for the time-being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

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### **3rd Annual Report 2009-2010**

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3) The Managing Director shall not be liable to retire by rotation so long as he holds the office of Managing Director.

#### **119 B. Retiring Director eligible for re-election**

A retiring director shall be eligible for re-election. At the Annual General Meeting at which a director retires as per Article 119A, the company may fill up the vacancy by appointing the retiring director or some other person thereto.

#### **119 C. Which Directors to retire**

The directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

2. By deleting in Article 63 – Lien on Shares - the words "including" and substituting there for the words "not being" and by inserting the word "and" between the words "first paramount" such that the altered Article 63 – Lien on Shares - will now be read as "Subject to the provisions of the Act, the Company shall have a first and paramount lien on all the shares not being fully paid-up shares registered in the name of each member....."
3. By inserting in Article 14 – Shares under the control of Directors – the words "or right" between the words "option to" such that the altered Article 14 – Shares under the control of Directors – will now be read as "... and with the sanction of the company in General Meeting to give any person of the option or right to call for ....."
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the superintendence, control and direction of the Board of Directors, approval of the members be and is hereby accorded to the appointment of Shri V. Rajasekaran as Managing Director of the company for a period of five years with effect from 12<sup>th</sup> May 2010 upon the terms and conditions as determined by the Board of Directors from time to time."

**"RESOLVED FURTHER THAT** Shri V. Rajasekaran shall not be liable to retirement by rotation as per Article 119 A (3) of the Articles of Association of the company during his tenure as Managing Director."

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**Binny Mills Limited**

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

**"RESOLVED THAT** Shri S. Natarajan, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 121 of the Articles of Association of the company with effect from 12<sup>th</sup> May 2010 and who holds office up to the date of the ensuing Annual General Meeting and being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing, pursuant to the provisions of Section 257 of the Companies Act, 1956 and Article 123 of the Articles of Association of the company, from a member signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the company liable to retire by rotation."

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

**"RESOLVED THAT** Shri S. Varatharajan, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 121 of the Articles of Association of the company with effect from 12<sup>th</sup> May 2010 and who holds office up to the date of the ensuing Annual General Meeting and being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing, pursuant to the provisions of Section 257 of the Companies Act, 1956 and Article 123 of the Articles of Association of the company, from a member signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the company liable to retire by rotation."

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: 27<sup>th</sup> August 2010

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### 3rd Annual Report 2009-2010

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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 relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under item Nos.4 to 7 set out above is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 20<sup>th</sup> September 2010 to 27<sup>th</sup> September 2010 (both days inclusive).
5. 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.
6. 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.
7. 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.
8. 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.
9. 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', 1<sup>st</sup> Floor, No.1, Club House Road, Chennai 600 002. Phone: 044-2846 0390 to 2846 0394.
10. M/s Cameo Corporate Services Ltd., 'Subramanian Building', 1<sup>st</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.
11. 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.
12. 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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**ANNEXURE TO THE NOTICE****Explanatory Statement under Section 173(2) of the Companies Act, 1956****Item No.4:**

The Articles of Association is amended to include provisions relating to retirement of directors by rotation and to provide for the matters specified in Rule 19(2)(a) of the Securities Contracts (Regulation) Rules, 1957 to comply with the requirements with respect to the listing of the equity shares of the company on the Bombay Stock Exchange and the Madras Stock Exchange.

The Board recommends the resolution for members' approval.

**Item No.5:**

Shri V. Rajasekaran was appointed as Managing Director of the company for a period of five years from 12th May 2010 by the Board of Directors, with the consent of all directors present, at their meeting held on 12th May 2010, pursuant to Article 127 of the Articles of Association of the company and subject to the superintendence, control and direction of the Board of Directors. Shri V. Rajasekaran is presently holding office as Executive Director in TCP Limited. It is in the best interest of the company that he is appointed as the Managing Director. Shri V. Rajasekaran will not be drawing any remuneration from the company for the time being and until the Board determines the remuneration payable to him.

Part III of Schedule XIII of the Companies Act, 1956 provides that the appointment shall be approved by a resolution passed at a General Meeting of the company.

The Board recommends the resolution for members' approval.

No Director other than Shri V. Rajasekaran is concerned or interested in this resolution.

**Item No.6:**

At the meeting of the Board of Directors of the Company held on 12<sup>th</sup> May 2010, Shri S. Natarajan was appointed as an Additional Director of the company, with effect from that date, pursuant to Section 260 of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company. As an Additional Director, Shri S. Natarajan shall hold office only up to the date of the ensuing Annual General Meeting.

A Notice in writing has been received from a member of the Company under section 257 of the Companies Act, 1956 and Article 123 of the Articles of Association of the company, signifying his intention to propose Shri S. Natarajan as a candidate for the office of the Director of the Company.

The Board recommends the Resolution for approval by the members.

No Director other than Shri S. Natarajan is concerned or interested in this resolution.



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### **3rd Annual Report 2009-2010**

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**Item No.7:**

At the meeting of the Board of Directors of the Company held on 12<sup>th</sup> May 2010, Shri S. Varatharajan was appointed as an Additional Director of the company, with effect from that date, pursuant to Section 260 of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company. As an Additional Director, Shri S. Varatharajan shall hold office only up to the date of the ensuing Annual General Meeting.

A Notice in writing has been received from a member of the Company under section 257 of the Companies Act, 1956 and Article 123 of the Articles of Association of the company, signifying his intention to propose Shri S. Varatharajan as a candidate for the office of the Director of the Company.

The Board recommends the Resolution for approval by the members.

No Director other than Shri S. Varatharajan is concerned or interested in this resolution.

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: 27<sup>th</sup> August 2010

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## **Binny Mills Limited**

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### **DIRECTORS' REPORT**

*To the Members*

Your Directors have pleasure in presenting the Third Annual Report and the Audited Accounts of your company for the year ended 31<sup>st</sup> March 2010.

### **FINANCIAL RESULTS**

	31 <sup>st</sup> March 2010* Rs.	31 <sup>st</sup> March 2009 Rs.
Sales and other Income	1,11,88,505	-
Profit before Depreciation	16,47,085	(9,695)
Depreciation	58,423	-
Profit Before Tax	15,88,662	(9,695)
Provision for Tax	2,45,448	-
Profit after Tax	13,43,214	(9,695)

\*The financial results for the year ended 31<sup>st</sup> March 2010 is after including the results of the Agencies and Services Undertaking (post Demerger) for the period from 1<sup>st</sup> January 2010 to 31<sup>st</sup> March 2010.

### **SCHEME OF ARRANGEMENT AND DEMERGER**

Pursuant to the Demerger scheme of Binny Ltd, the Agencies and Services Undertaking of Binny Ltd has been demerged from Binny Ltd with effect from 1<sup>st</sup> January 2010 and has been transferred to and vested in Binny Mills Ltd on a going concern basis.

#### Events leading to the sanction of the Scheme of Arrangement by the Madras High Court:

At the Board Meeting held on 5<sup>th</sup> December 2009, Board approved the draft Scheme of Arrangement with Binny Ltd for the demerger of the Agencies & Services Division/Undertakings of Binny Ltd to your company. At the same meeting Board also approved the valuation reports on the share entitlement ratio and the Scheme to issue and allot to each member of Binny Ltd, whose name is recorded in their Register of Members on the Record Date, 1 equity share of Rs.10/- each fully paid-up of Binny Mills Ltd for every 7 equity shares of Rs.5/- each fully paid-up held by members of Binny Ltd, in consideration of the demerger including the transfer and vesting of the aforesaid Demerged Undertakings in your company.

At the Madras High Court convened Extraordinary General Meeting of the Equity shareholders of Binny Ltd held on 10<sup>th</sup> March 2010, certain modifications were made to the Scheme of Arrangement and the Equity Shareholders of Binny Ltd thereafter approved the modified Scheme of Arrangement.

At the Board Meeting held on 10<sup>th</sup> March 2010, Board approved the modified Scheme of Arrangement as approved by the Equity Shareholders of Binny Ltd.

The seven members of the company (pre-demerger) individually submitted Consent Affidavit dated 12<sup>th</sup> March 2010 to the Madras High Court submitting that they approve the modified Scheme of Arrangement as approved by the Board and giving their consent to Binny Mills Ltd to file a petition under sections 391 to 394 of the Companies Act, 1956 for the confirmation of the modified Scheme of Arrangement. The seven members of the company (pre-demerger), earlier, in their Consent Affidavit dated 20<sup>th</sup> January 2010, to the Madras High Court, while giving their consent for the original Scheme of Arrangement, also gave their

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### **3rd Annual Report 2009-2010**

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consent to Binny Mills Ltd to apply to the Madras High Court to dispense with the holding of the meeting of the equity shareholders of Binny Mills Ltd to consider and approve the Scheme of Arrangement.

Binny Mills Ltd filed a petition in the Madras High Court on 18<sup>th</sup> March 2010 under sections 391 to 394 of the Companies Act, 1956 for sanction of the Scheme of Arrangement between Binny Ltd, S.V. Global Mill Ltd and Binny Mills Ltd and their respective shareholders and Creditors. On 22<sup>nd</sup> April 2010 Madras High Court passed order sanctioning the Scheme of Arrangement between Binny Ltd, S.V. Global Mill Ltd and Binny Mills Ltd and their respective shareholders and Creditors with effect from 1<sup>st</sup> January 2010 [henceforth called "Scheme"] (the Appointed Date as per the Scheme) and declared that the Scheme shall be binding on all the shareholders and creditors of the three companies viz., Binny Ltd, S.V. Global Mill Ltd and Binny Mills Ltd. The Madras High Court also directed the companies to file with the Registrar of Companies, Chennai, a certified copy of the Court Order sanctioning the Scheme, within 30 days from the date of the Order. A certified copy of the Court Order sanctioning the Scheme was filed with the Registrar of Companies, Chennai, on 10<sup>th</sup> May 2010 (the Effective Date as per the Scheme)

#### Appointed Date and Effective Date as per the scheme:

The Appointed Date, as per the Court sanctioned Scheme, is 1<sup>st</sup> January 2010 – the date from which the Scheme comes into operation.

The Effective Date, as per the Court sanctioned Scheme, is 10<sup>th</sup> May 2010 – the date from which the Scheme comes into effect.

#### Salient aspects of the Scheme:

1. The Agencies and Services Undertaking of Binny Ltd shall be demerged from Binny Ltd with effect from 1<sup>st</sup> January 2010 and shall stand transferred to and vested in Binny Mills Ltd on a going concern basis such that all the properties and assets and rights, claims, title, interest, authorities and liabilities comprised in the Agencies and Services Undertakings immediately before the demerger shall become the properties and assets and rights, claims, title, interest, authorities and liabilities of Binny Mills Ltd by virtue of and in the manner provided in the Scheme.
2. The Authorised Share Capital of the Company shall stand increased from Rs.10 lakhs to Rs.144.25 crores with Equity Share Capital at Rs.3.20 crores and the Preference Share Capital at Rs.141.05 crores.
3. Due to the aforesaid increase in the Authorised Capital, the Capital Clause V of the Memorandum of Association of the company requires to be altered suitably. [*The Capital Clause V of the Memorandum of Association was suitably altered with effect from 10<sup>th</sup> May 2010 after the coming into effect of the Scheme*].
4. With the issuance and allotment of the new Equity Shares and the new Preference Shares, the initial issued and paid-up equity share capital of the company of Rs.5,00,000/- shall be converted into 1,00,000 (9%) Cumulative Redeemable Preference Shares of Rs.5/- each aggregating to Rs.5,00,000/- of Binny Mills Ltd.
5. Share Entitlement Ratio:  
Equity Shares: 1 Equity Share of Rs.10/- each, credited as fully paid-up, of Binny Mills Ltd for every 7 Equity Shares of Rs.5/- each, fully paid-up, of Binny Ltd.  
9.75% Preference Shares: 15 (9.75%) Cumulative Redeemable Preference Shares of Rs.5/- each, credited as fully paid-up, of Binny Mills Ltd for every 30 (9.75%) Cumulative Redeemable Preference Shares of Rs.5/- each, fully paid-up, of Binny Ltd.  
9% Preference Shares: 1,631 (9%) Cumulative Redeemable Preference Shares of Rs.5/- each, credited as fully paid-up, of Binny Mills Ltd for every 3,125 (9%) Cumulative Redeemable Preference Shares of Rs.5/- each, fully paid-up, of Binny Ltd.

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## ***Binny Mills Limited***

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6. Upon the Demerger becoming effective, the assets of Binny Mills Ltd viz., the Agencies and Services Undertaking, shall be revalued and the difference in the valuation of such assets shall be recorded in a Revaluation Reserve Account created for the purpose. *[As per Schedule V of the Scheme, the Land at B & C Mill Compound measuring 503.84 grounds in area, has been revalued at Rs.155.18 crores and after adjusting the book value an amount of Rs.155.17 crores has been credited to the Revaluation Reserve Account created for this purpose.]*
7. The Revaluation Reserve so created shall be utilized for adjustment of any goodwill that may arise on account of the Demerger and the balance, if any, remaining after such adjustment, shall be utilized to adjust the balance of accumulated losses and other miscellaneous expenditure reflected in the Balance Sheet of Binny Mills Ltd as on the Appointed Date viz., 1<sup>st</sup> January 2010. *[Accordingly, an amount of Rs.131.67 crores arising on account of goodwill on demerger has been adjusted against the Revaluation Reserve.]*
8. On the Scheme coming into effect, all the permanent staff, workmen and employees of the Agencies and Services Undertaking in service on such date shall be deemed to have become staff, workmen and employees of Binny Mills Ltd with effect from the Effective Date viz., 10<sup>th</sup> May 2010 without any interruption of service and on the basis of continuity of service and the terms and conditions of their employment with Binny Mills Ltd shall not be less favourable than those applicable to them with reference to the Agencies and Services Undertaking on the Effective Date. The list of such employees pertaining to the Agencies and Services Undertaking has been separately agreed between Binny Ltd and Binny Mills Ltd.

### Issue and allotment of Equity Shares and Preference Shares:

As per the Scheme, upon the Scheme coming into effect and in consideration of the Demerger, including the transfer and vesting of the Agencies and Services Undertaking of Binny Ltd in Binny Mills Ltd, the company shall, without any further act or deed, issue and allot to each Member and Preference Shareholder of Binny Ltd, whose name is recorded in the Register of Members and Register of Preference Shareholders of Binny Ltd on the Record Date, Equity shares and Preference shares in the company, as per the Share Entitlement Ratio.

Accordingly, 28<sup>th</sup> May 2010 was fixed as the record date. And on 2<sup>nd</sup> June 2010, Board issued and allotted 31,88,474 Equity Shares of Rs.10/- each of the company, credited as fully paid-up, aggregating to Rs.3,18,84,740/-, to the members of Binny Ltd, as per the Share Entitlement Ratio. On the same day, Board also issued and allotted 5,88,000 (9.75%) Cumulative Redeemable Preference Shares of Rs.5/- each, credited as fully paid-up, of the company, aggregating to Rs.29,40,000/- and 28,14,18,142 (9%) Cumulative Redeemable Preference Shares of Rs.5/- each, credited as fully paid-up, of the company (including 1,00,000 shares to the 7 pre demerger equity shareholders of the company), aggregating to Rs.140,70,90,710/-, to the respective Preference Shareholders of Binny Ltd, as per the Share Entitlement Ratio.

### Redemption of Preference Shares:

The 9.75% Cumulative Redeemable Preference Shares are redeemable on or before 30<sup>th</sup> June 2011. The 9% Cumulative Redeemable Preference Shares are redeemable on or before 12<sup>th</sup> May 2015.

### Post De merger Accounts:

The Profit and Loss Account of the company for the year ended 31<sup>st</sup> March 2010 is prepared after including the results of the Agencies and Services Undertaking (post Demerger) for the period from 1<sup>st</sup> January 2010 to 31<sup>st</sup> March 2010 and the Balance Sheet of the Company as at 31<sup>st</sup> March 2010 is after taking into account the demerged assets and liabilities.

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## **3rd Annual Report 2009-2010**

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### **DIRECTORS**

Shri V.R. Venkataachalam was appointed as the Non-Executive Chairman of the company by the Board of directors at their meeting held on 12<sup>th</sup> May 2010. Pursuant to Article 93 of the Articles of Association of the company he shall be the Chairman at every general meeting of the company.

Shri V. Rajasekaran was appointed as Managing Director of the company for a period of five years with effect from 12<sup>th</sup> May 2010.

Shri S. Natarajan and Shri S. Varatharajan, who were appointed as Additional Directors of the company by the Board of Directors at their meeting held on 12<sup>th</sup> May 2010, hold office up to the ensuing Annual General Meeting and being eligible offer themselves for appointment as directors of the company.

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

### **AUDIT COMMITTEE**

The Board of Directors, at their meeting held on 12<sup>th</sup> May 2010, constituted the Audit Committee under section 292A of the Companies Act, 1956 and pursuant to Article 144 of the Articles of Association of the company. The Audit Committee constituted is as follows:

Shri S. Natarajan - Chairman  
Shri S. Varatharajan; and  
Shri V. Sengutuvan

The Audit Committee shall have such powers, duties and responsibilities and shall function in such manner as provided in section 292A of the Companies Act, 1956 and in any listing agreement entered into by the company with the stock exchanges.

### **SHARE TRANSFER & INVESTORS' GRIEVANCE COMMITTEE**

The Board of Directors, at their meeting held on 12<sup>th</sup> May 2010, constituted the Share Transfer & Investors' Grievance Committee pursuant to Article 144 of the Articles of Association of the company. The Share Transfer & Investors' Grievance Committee constituted is as follows:

Shri V.R. Venkataachalam - Chairman  
Shri V. Rajasekaran; and  
Shri S. Varatharajan

The Share Transfer & Investors' Grievance Committee will expedite the process of share transfers and for this purpose the Board of directors has delegated the powers of registration of share transfers to the Committee with the direction that any major share transfers approved by the Committee shall be placed before the Board for its consideration.

The Share Transfer & Investors' Grievance Committee also will specifically look into the redressal of Shareholders/Investors complaints like delay in registering share transfers, non-receipt of Balance Sheet, non-receipt of declared dividends, undue delays in allowing demat requests and such other complaints.

### **LISTING OF THE EQUITY SHARES OF THE COMPANY ON STOCK EXCHANGES**

Your Company has made application to the Bombay Stock Exchange and the Madras Stock Exchange seeking listing of the 31,88,474 Equity Shares of the company on the Stock Exchanges. The application is being processed by the Stock Exchanges.

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## **Binny Mills Limited**

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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 2<sup>nd</sup> June 2010 with the NSDL and 13<sup>th</sup> 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.

### **Details of shares in Demat and Physical Form as on 27<sup>th</sup> August 2010:**

<b>Particulars</b>	<b>No. of Shareholders</b>	<b>No. of Shares</b>	<b>% to Capital</b>
NSDL	633	3,11,291	9.76
Physical Form	8,389	28,77,183	90.24
<b>Total</b>	<b>9,022</b>	<b>31,88,474</b>	<b>100.00</b>

### **REGISTRAR AND SHARE TRANSFER AGENT:**

Your company has entered into an Agreement with M/s Cameo Corporate Services Ltd., Chennai, for providing investor services and share transfer and registry services. 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

### **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 2010, 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 2010 and of the profit 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 2010 has been prepared on a going concern basis.

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## **3rd Annual Report 2009-2010**

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### **AUDITORS**

M/s CNGSN & Associates and M/s T. Selvaraj & Co., Chartered Accountants, Chennai, were appointed as the joint Statutory Auditors of the company for the year 2009-2010.

It is proposed to appoint 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.

### **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.24 lakhs or more per annum or Rs.2 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.

### **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:**

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

Date: 27<sup>th</sup> August 2010

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## ***Binny Mills Limited***

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### AUDITORS' REPORT

To

*The Members  
Binny Mills Limited  
Chennai*

1. We have audited the attached Balance Sheet of Binny Mills Limited as at 31<sup>st</sup> March 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed there to. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report)(Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
  - a) We have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the Books of Account;
  - d) In our opinion the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt by this report, comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of written representation received from the Directors, as on 31/03/2010 and taken on records by the Board of Directors, we report that, none of the Directors are disqualified as on 31/03/2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



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### **3rd Annual Report 2009-2010**

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- f) We draw the attention of members to the following Note:
- i) Transfer of assets from the Binny Ltd as per the High Court Approved Scheme of Demerger and consequent accounting of share application Pending allotment, creation of Revaluation Reserve and utilization of the reserve for writing off the Goodwill on account of demerger as stated in the notes on accounts.
- ii) Non-confirmation of balances as at 31.03.2010 from Debtors, Loans and Advances, other Current Assets and Sundry Creditors as stated in Note 10 in Notes on accounts and we are unable to express any opinion on the recoverability or otherwise and the effect, if any, on the reported results of the company for the period under audit.
- g) Subject to f(ii) above, the said accounts, in our opinion and to the best of our information and according to the explanations given to us, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- i. In the case of Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March 2010,
  - ii. In the case of Profit and Loss Account, of the PROFIT of the Company for the year ended on that date; and
  - iii. In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For CNGSN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**For T.SELVARAJ & CO**  
CHARTERED ACCOUNTANTS

**R.THIRUMALMARUGAN**  
PARTNER  
Membership No.200102  
Firm Regn.No: 004915S

**T.SELVARAJ**  
PARTNER  
MEMBERSHIP No:11370  
Firm Regn.No:003703S

Place: Chennai  
Date: 27.08.2010

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## ***Binny Mills Limited***

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### ANNEXURE

Referred to in Paragraph 3 of our Report of even date

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; which needs to be updated.  
(b) The fixed assets have not been verified by the management during this year. The discrepancies (between physical verification and book records) and accounting for such discrepancies does not arise.  
(c) The Company has not disposed off any fixed assets during the year.
2. (a) The inventory has been physically verified by the management at reasonable intervals.  
(b) The procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. According to the information and explanations given to us, the company has not granted or taken any loans, secured or unsecured, to or from the companies, firms or individual, parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for purchases of fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from public.
7. The Company does not have any internal audit system to commensurate with the size of the company and the nature of its business and services.
8. As explained to us and as per the information and explanation given to us the maintenance of Cost Records under section 209 (1)(d) of the Companies Act, 1956 are not applicable.
9. The Company is depositing undisputed statutory dues like Provident Fund, Employees Pension Fund and Employees State Insurance with some delays. There are no undisputed Statutory dues like Investor Education and Protection Fund, Wealth Tax, Service Tax, Customs Duty, and other statutory dues.
10. In our opinion, there are no accumulated losses of the Company as at the year end. The company has not incurred cash losses during the financial year covered by our audit and incurred cash loss in the immediately preceding financial year.

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### **3rd Annual Report 2009-2010**

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11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institutions, bank and debenture holders.
12. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
15. In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks / financial institutions.
16. In our opinion and according to the information and explanation given to us, the Company has not obtained any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information given to us, the Company has not made any preferential allotment of shares during the year. The amount of share capital pending allotment is as per the high Court approved scheme of demerger, as stated in the notes on accounts.
19. According to the information and explanation given to us, the Company has not issued any debentures during the year and creation of security for issue of debenture does not arise.
20. According to the information and explanation given to us, the Company has not raised money by public issue during the year and disclosure of end use of public issue does not arise.
21. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For CNGSN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**For T.SELVARAJ & CO**  
CHARTERED ACCOUNTANTS

**R.THIRUMALMARUGAN**  
PARTNER  
Membership No.200102  
Firm Regn.No: 004915S

**T.SELVARAJ**  
PARTNER  
MEMBERSHIP No:11370  
Firm Regn.No:003703S

Place: Chennai  
Date: 27.08.2010

## Binny Mills Limited

### BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31-03-2010		As at 31-03-2009	
		Rs.	Rs.	Rs.	Rs.
<b>I SOURCES OF FUNDS</b>					
<b>Shareholder's Funds:</b>					
Capital	1	5,00,000		5,00,000	
Share Capital Pending Allotment	2	144,14,15,450		-	
Reserves and Surplus	3	<u>23,63,41,201</u>	167,82,56,651	<u>NIL</u>	5,00,000
<b>Loan Funds:</b>					
Secured Loans					
Unsecured Loans	4	<u>62,616</u>	62,616	<u>62,616</u>	62,616
<b>Deferred Tax Liability</b>					
<b>TOTAL</b>			<u><u>167,83,19,267</u></u>		<u><u>5,62,616</u></u>
<b>II APPLICATION OF FUNDS</b>					
<b>Fixed Assets:</b>					
Gross Block	5	156,12,39,766		-	
Less: Depreciation		<u>69,14,930</u>		-	
Net Block		<u>155,43,24,836</u>		-	
Capital Work In Progress			<u>155,43,24,836</u>		
<b>Investments</b>					
<b>Current Assets, Loans and Advances:</b>					
(a) Inventories	6	71,17,782		-	
(b) Sundry Debtors	7	46,41,725		-	
(c) Cash and Bank Balances	8	24,13,254		4,94,527	
(d) Other Current Assets	9	17,92,719		-	
(e) Loans and Advances	10	<u>12,38,77,794</u>		-	
		<u>13,98,43,275</u>		<u>4,94,527</u>	
Less: Current Liabilities and Provisions:					
(a) Liabilities	11	1,56,03,396		5,515	
(b) Provisions	12	<u>2,45,448</u>		-	
		<u>1,58,48,844</u>		<u>5,515</u>	
Net Current Assets			12,39,94,431		4,89,012
<b>Miscellaneous Expenditure</b>					
(to the extent not written off or adjusted)					
<b>Preliminary Expenditure</b>	13				50,506
<b>Profit &amp; Loss Account</b>	14				23,098
<b>TOTAL</b>			<u><u>167,83,19,267</u></u>		<u><u>5,62,616</u></u>
Notes on Accounts	15				

As per Our Report of even date  
For **CNGSN & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO. 004915S

As per Our Report of even date  
For **T.SELVARAJ & CO**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO. 003703S

**V.R.Venkataachalam**  
Chairman

**R. THIRUMALMARUGAN**  
Partner  
M.NO. 200102

**T.SELVARAJ**  
Partner  
M.NO. 11370

**V.Rajasekaran**  
Managing Director

Place : Chennai  
Date : 27.08.2010

**3rd Annual Report 2009-2010**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule	For the year ended 31-03-2010 Rs.	For the year ended 31-03-2009 Rs.
<b>INCOME</b>			
Sales income	15	88,03,597	-
Other Income	16	23,84,908	-
		<u>1,11,88,505</u>	<u>-</u>
<b>EXPENDITURE</b>			
Cost of goods sold	17	68,35,477	-
Salaries & Staff Welfare	18	10,10,901	-
Administrative Expenses	19	11,31,077	9,695
Selling Expenses	20	5,13,459	-
Depreciation	5	58,423	-
Preliminary Expenses Written Off	13	50,506	-
		<u>95,99,843</u>	<u>9,695</u>
<b>PROFIT BEFORE TAX</b>		15,88,662	(9,695)
Less: Provision for Taxes		2,45,448	-
<b>PROFIT AFTER TAX carried to balance sheet</b>		<u>13,43,214</u>	<u>(9,695)</u>
Earnings Per Share in Rs.(Basic)		26.86	(0.19)
Earnings Per Share in Rs.(Diluted)		1.69	(0.19)
Notes on Accounts	21		

As per Our Report of even date  
For **CNGSN & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO. 004915S

As per Our Report of even date  
For **T.SELVARAJ & CO**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO. 003703S

**V.R.Venkataachalam**  
Chairman

**R. THIRUMALMARUGAN**  
Partner  
M.NO. 200102

**T.SELVARAJ**  
Partner  
M.NO. 11370

**V.Rajasekaran**  
Managing Director

Place : Chennai  
Date : 27.08.2010

**Binny Mills Limited**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010**

	<b>AS AT 31/03/2010 Rs.</b>	<b>AS AT 31/03/2009 Rs.</b>
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
Equity Shares		
1,00,000 Equity Shares of Rs.10/- each	10,00,000	10,00,000
	<u>10,00,000</u>	<u>10,00,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
Equity shares		
50,000 Equity Shares of Rs.10/- each	5,00,000	5,00,000
	<u>5,00,000</u>	<u>5,00,000</u>
<b>SCHEDULE - 2</b>		
<b>SHARE CAPITAL PENDING ALLOTMENT</b>		
Equity Shares Pending allotment as per scheme of demerger in consideration of net assets transferred from Binny Limited as per High Court Order	3,18,84,740	NIL
Preference Shares Pending allotment as per scheme in consideration of net assets transferred from Binny Limited as per High Court Order	140,95,30,710	NIL
	<u>144,14,15,450</u>	<u>NIL</u>
<b>SCHEDULE - 3</b>		
<b>RESERVES AND SURPLUS</b>		
Revaluation Reserve		
Created as per Court Sanctioned Scheme on revaluation of asseets	155,17,74,823	NIL
Less: Utilised to write off Goodwill on demerger as per the court sanctioned scheme	(131,67,53,738)	NIL
a	<u>23,50,21,085</u>	<u>NIL</u>
Profit & Loss account:		
As per last balance sheet	(23,098)	NIL
Adj: Transfer from P & L a/c	13,43,214	
b	<u>13,20,116</u>	<u>NIL</u>
a + b	<u>23,63,41,201</u>	<u>NIL</u>
<b>SCHEDULE -4</b>		
<b>UNSECURED LOANS</b>		
Loan From Directors	62,616	62,616
	<u>62,616</u>	<u>62,616</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010**

**SCHEDULE - 5 : FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK		
	As at 1.4.2009	Additions Transfer of assets as per Scheme on demerger	Revaluation addition as per Scheme of demerger	As at 31.03.2010	As At 1.4.2009	Additions Transfer of assets as per Scheme on demerger	For the Year	Deletion	As At 31.03.2010	As at 31.03.2010	As at 31.3.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Free Hold Land		39,158	155,17,74,823	155,18,13,981						155,18,13,981	-
Building		39,48,476	-	39,48,476		20,77,960	30,737		21,08,697	18,39,779	-
Plant & Machinery		42,04,206	-	42,04,206		35,16,084	27,211		35,43,295	6,60,911	-
Furniture & Fixtures		12,39,549	-	12,39,549		12,28,913	475		12,29,388	10,161	-
Vehicles		33,554	-	33,554		33,550	-		33,550	4	-
<b>TOTAL</b>	-	<b>94,64,943</b>	<b>155,17,74,823</b>	<b>156,12,39,766</b>	-	<b>68,56,507</b>	<b>58,423</b>	-	<b>69,14,930</b>	<b>155,43,24,836</b>	-
<b>PREVIOUS YEAR</b>	-	-	-	-	-	-	-	-	-	-	-

Additions for the year represents the amount of Gross Block of Assets transferred from Binny Limited as per the Scheme of Demerger sanctioned by the High Court  
The Addition represents the amount of Revaluation done for the Fixed Assets as per the Scheme of Demerger sanctioned by the High Court

**Binny Mills Limited**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010**

	<b>AS AT 31/03/2010 Rs.</b>	<b>AS AT 31/03/2009 Rs.</b>
<b>SCHEDULE - 6 INVENTORIES</b>		
(Valued at cost or net realisable value and as certified by the Management)		
Stock in-trade - Traded Goods	71,17,782	-
	<u>71,17,782</u>	<u>-</u>
<b>SCHEDULE - 7 SUNDRY DEBTORS</b>		
(Considered Good for which the company holds no security other than debtors personal security)		
Outstanding over six months	-	-
Other Debts	46,41,725	-
	<u>46,41,725</u>	<u>-</u>
<b>SCHEDULE - 8 CASH AND BANK BALANCES</b>		
Cash on Hand	83,091	-
Balance with Scheduled Bank	-	-
In Current Accounts	23,05,163	4,94,527
In Margin Money Deposit	25,000	-
	<u>24,13,254</u>	<u>4,94,527</u>
<b>SCHEDULE - 9 OTHER CURRENT ASSETS</b>		
Deposits	3,21,496	-
Advance with Customs, Port, etc	14,71,223	-
	<u>17,92,719</u>	<u>-</u>
<b>SCHEDULE - 10 LOANS AND ADVANCES</b>		
(Considered Good For which the company holds no security other than personal security)		
Advances recoverable in cash or in kind or for value to be received	3,91,80,604	-
Advance for property development	8,38,00,000	-
Other Advances	8,97,190	-
	<u>12,38,77,794</u>	<u>-</u>
<b>SCHEDULE - 11 LIABILITIES</b>		
Sundry Creditors - Trade	1,14,18,423	-
Advance from Customers	11,35,573	-
Other Liabilities	30,49,400	5,515
	<u>1,56,03,396</u>	<u>5,515</u>
<b>SCHEDULE - 12 PROVISIONS</b>		
Provision for Income Tax	2,45,448	-
	<u>2,45,448</u>	<u>-</u>
<b>SCHEDULE - 13 PRELIMINARY EXPENDITURE</b>		
As per last balance sheet	50,506	50,506
Less: Written Off during the year	50,506	-
	<u>-</u>	<u>50,506</u>
<b>SCHEDULE - 14 PROFIT AND LOSS ACCOUNT</b>		
As per last Balance Sheet	23,098	13,403
Adj : for the year from profit & loss account	(13,43,214)	9,695
	<u>(13,20,116)</u>	<u>23,098</u>



### 3rd Annual Report 2009-2010

#### SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	For the Year Ended	
	31/03/2010	31/03/2009
<b>SCHEDULE -15</b>		
<b>SALES</b>		
Sale of Textile Goods	88,03,597	-
	<u>88,03,597</u>	<u>-</u>
<b>SCHEDULE -16</b>		
<b>OTHER INCOME</b>		
Rent & Hire charges received (Gross) (TDS - Rs. 97,236/-)	23,48,314	-
Other Income	36,594	-
	<u>23,84,908</u>	<u>-</u>
<b>SCHEDULE -17</b>		
<b>COST OF GOODS SOLD</b>		
Opening Stock - Textile Goods	60,66,070	-
Add: Purchases:	78,87,189	-
	1,39,53,259	-
Less: Closing Stock - Textile Goods	71,17,782	-
	<u>68,35,477</u>	<u>-</u>
<b>SCHEDULE - 18</b>		
<b>SALARIES &amp; STAFF WELFARE</b>		
Salaries, Wages & Bonus	6,79,282	-
Contribution to PF	93,108	-
Gratuity	1,80,334	-
Staff Welfare	39,359	-
Leave Encashment	18,818	-
	<u>10,10,901</u>	<u>-</u>
<b>SCHEDULE - 19</b>		
<b>ADMINISTRATION EXPENSES</b>		
Insurance	16,487	-
Fees to Auditor	2,20,600	5,515
Repairs & Maintenance - Building	54,436	-
Repairs & Maintenance - Machinery	28,023	-
Repairs & Maintenance - Others	32,846	-
Power	1,37,750	-
Rent	93,461	-
Rates & Taxes	22,654	-
Postage & Courier	32,041	-
Telephone	14,366	-
Printing & stationery	58,698	-
Retainer fees	1,97,629	-
Legal fees	20,000	-
Sundry Expenses	1,89,258	-
Filing Fees	4,700	4,180
Bank Charges	8,128	-
	<u>11,31,077</u>	<u>9,695</u>
<b>SCHEDULE - 20</b>		
<b>SELLING &amp; MARKETING EXPENSES</b>		
Packing and Freight outwards	2,74,424	-
Other expenses	1,020	-
Discount to dealers	2,38,015	-
	<u>5,13,459</u>	<u>-</u>

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**Binny Mills Limited**

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**ACCOUNTING POLICIES AND NOTES****SCHEDULE: 21 Notes on Accounts:****A. Significant Accounting Policies****1. SYSTEM OF ACCOUNTING**

The financial statements are prepared under the historical cost convention in accordance with Indian Generally Accepted Accounting Principles (GAAP), and all income and expenditure having a material bearing on the financial statements are recognized on accrual basis. The financial statements comply with the applicable mandatory Accounting Standards.

**2. REVENUE RECOGNITION**

Revenues in respect of revenue from trading of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the Buyer.

Revenues in respect of rental income and hire charges received are recognized in accordance with the terms of the agreement.

**3. USE OF ESTIMATES**

In preparation of financial statements conforming to GAAP requirements certain estimates and assumptions are essentially required to be made with respect to items such as future obligations under employee retirement benefit plans, income taxes and the useful life period of Fixed Assets. Due care and diligence have been exercised by the Management in arriving at such estimates and assumptions since they may directly affect the reported amounts of income and expenses during the period as well as the balances of Assets and Liabilities including those which are contingent in nature as at the date of reporting of the financial statements.

To comply with GAAP requirements relating to impairment of assets, if any, the Management periodically determines such impairment using external and internal resources for such assessment. Loss, if any, arising out of such impairment is expensed as stipulated under the GAAP requirements. Contingencies are recorded when a liability is likely to be incurred and the amount can be reasonably estimated. To this extent the results may differ from such estimates.

**4. FIXED ASSETS**

Fixed Assets are stated at cost less accumulated depreciation.

**5. DEPRECIATION**

Depreciation is provided on straight-line method at the rates specified in SCHEDULE XIV to the Companies Act, 1956.

**6. INVESTMENTS**

There are no Investments.

**7. INVENTORIES**

Stock-in-trade comprises of traded goods are valued at lower of cost and net realizable value. Cost is determined on weighted average cost.

**8. FOREIGN CURRENCY TRANSACTIONS**

There are no Foreign currency transactions during the year.

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### **3rd Annual Report 2009-2010**

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- 9. PROVISION FOR TAXATION**  
Provision for Current Income Tax is made in accordance with the provisions of Income Tax Act, 1961. Deferred tax assets and liabilities are measured using substantially enacted tax rates as on the Balance Sheet date. Provision for Deferred Tax Liability is provided on timing differences. The effect of deferred tax assets and liabilities of a change in tax rates is recognized in the income statement.
- 10. LEASES**  
Lease rental in respect of operating lease arrangements are not applicable to the company.
- 11. RETIREMENT BENEFITS**  
Provident Fund:  
Contribution to Provident Fund is as per the Rules of the own funds.  
Gratuity:  
Provision for gratuity is made as per the provisions of Payment of Gratuity Act, 1972 and not funded.  
Leave encashment:  
The leave encashment benefit to the employees are provided for on accrual basis and not funded. The provision to be made as per the Actuarial Valuation method in accordance with AS – 15 (Revised) is obtained by the company for both gratuity and leave encashment.
- 12. BORROWING COSTS**  
Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of such assets up-to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.
- 13. CASH FLOW STATEMENT**  
The Cash flow statement is prepared under the indirect method as per Accounting Standard 3 "Cash Flow Statements".
- 14. EARNINGS PER SHARE**  
The company reports basic and diluted earnings per share in accordance with the Accounting Standards – 20-'Earnings per Share'.
- 15. SEGMENT REPORTING**  
By virtue of approved Scheme of the Demerger, by the High Court of Chennai, the Agencies and Services Division of the Binny Limited got demerged and stand transferred to and vested in this company on a going concern basis. The entire operation from the date of Appointed Date i.e. with effect from 01-01-2010, the Agencies and Services Division of Binny Limited is the main business of this Company and this is the only reportable segment.
- 16. IMPAIRMENT OF ASSETS**  
All assets other than inventories and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.
- 17. PROVISION AND CONTINGENCIES**  
The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

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## ***Binny Mills Limited***

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### **B. Notes on Accounts**

1. In the case of Binny Limited, BIFR sanctioned a Rehabilitation Scheme on 22/10/2003. BIFR passed an order on 26/12/06 stating that Binny Limited is out of BIFR, which was challenged before Hon'ble High Court of Madras by employees union. The High Court (by order dated 07/08/2008) "made it clear that the Binny Limited is ceased to be a sick industrial undertaking with effect from 30/09/2005" based on the joint memo filed by company and employees union.
  
2. In terms of Scheme of arrangement under section 391 to 394 of the Companies Act, 1956 between Binny Limited and two other companies viz. S V Global Mill Ltd (Resulting Company 1) and Binny Mills Ltd (Resulting Company 2) the Hon'ble High Court of Judicature at Chennai, vide Order dated 22.04.2010, has reorganized and segregated by way of demerger. The order of the Court was received by the Binny Limited on 07.05.2010. As per the Court direction the certified copy of the order was filed with ROC on 08.05.2010 which is the effective date of the Sanctioned Scheme of arrangement. As per the sanction Scheme of arrangement the Appointed date is 1st January 2010, i.e. date on which the demerger related entries have been given effect in the books of the companies.
  
3. In terms of the said scheme, in consideration of demerger, the shareholders in Binny Ltd shall get in the Binny Mills Limited, in the ratio of
  - a. 1 (one) equity share in Binny Mills Limited of face value of Rs.10/- each credited as fully paid up for every 7 (seven) equity shares of Rs.5/- (Rupees five) each fully paid-up.
  
  - b. 15 (Fifteen) 9.75% Cumulative Redeemable Preference Share of face value of Rs.5/- (Rupees five) each credited as fully paid up for every 30 (Thirty) 9.75% Cumulative Redeemable Preference Shares of Rs.5/- (Rupees five) each fully paid-up.
  
  - c. 1,631 (One thousand six hundred and thirty one) 9% Cumulative Redeemable Preference Share of face value of Rs.5/- each credited as fully paid up for every 3,125 (Three thousand one hundred and twenty five) 9% Cumulative Redeemable Preference Shares of Rs.5/- each fully paid-up
  
4. In terms of the sanctioned scheme, the following are the Assets and Liabilities, relating to the Agencies and Services Undertakings were transferred from Binny Limited to Binny Mills Limited

	Rs In lakhs
Equity Shares	318.85
Preference Shares	14095.30
Reserves & Surplus	-
	14414.15
Fixed Assets	26.08
Investment	-
Net Current Assets	1220.54
	1246.62

The excess of the value of liabilities over the value of assets transferred pursuant to the Scheme of Arrangement amounting to Rs. 13167.54 lakhs has been debited to "Goodwill Account".

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### 3rd Annual Report 2009-2010

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5. As per the sanctioned Scheme of Arrangement some of the Fixed Assets have been revalued to the extent of Rs.15517.75 lakhs which was utilized to write off the above Goodwill Account and the balance Rs.2350.21 lakhs is shown under Revaluation Reserve (on demerger).
6. In terms of the Scheme of Arrangement, the Equity Shares and Preference Share capital were issued at the Board Meeting held on 12-05-2010 and the Appointed Date being 01-01-2010, the entries relating to Issue of Equity and Preference Shares were shown under Pending Allocation in the Balance sheet as on 31<sup>st</sup> March, 2010.
7. In terms of the Scheme of Arrangement, the existing paid up equity shares of Rs.5,00,000/- shall be converted into 1,00,000/- 9% Cumulative redeemable preference shares of Rs.5/- each, with effect from the effective date.
8. In terms of the Scheme of Arrangement, the increase in Authorised share Capitals was done on the Board Meeting held on 12-05-2010 and the increase in authorized share capital expenses were met out by the Binny Limited as per the Scheme approved by the High Court.
9. In terms of the Scheme of Arrangement, the Land at B & C Mill measuring around 503.84 grounds, book value as on 01-01-2010 Rs.0.25 lakhs was revalued to the extent of Rs.15518.00 lakhs. Further there is no other activity carried under this division for the current period.
10. Balances in sundry debtors, sundry creditors, Loans and Advances and other current assets are subject to confirmation/ reconciliation. However, in the opinion of the Management, all current assets, debtors and loans and advances would in the ordinary course of business realize at the value stated.
11. Sundry creditors outstanding Rs.114.18 lakhs as on 31/03/2010 include dues to creditors other than Micro, Small and Medium Enterprise. There is no principal or interest due or unpaid thereon to any suppliers of Micro, Small and Medium Enterprises as at year end.
12. Provision for income tax is made as per the provisions of Income Tax Act. For the year the income tax is provided at the applicable Minimum Alternative Tax. Consequent to Demerger, the Losses of Binny Limited to be apportioned as per Section 72A of the Income Tax Act is in progress.
13. In terms of the Scheme the preference shares were allotted in the resulting companies and the management has decided to carry the arrears of cumulative preference dividend along with the preference shares as under:
  - (a) Arrears of 9.75% cumulative Preference dividend for the period till 31-12-2009 10,03,275
  - (b) Arrears of 9% Cumulative Preference dividend for the period till 31.12.2009 36,44,50,416
  - (c) Arrears of 9.75% cumulative Preference dividend for the period 01-01-2010 to 31-03-2010 71,663
  - (d) Arrears of 9% Cumulative Preference dividend for the period 01.01.2010 to 31.03.2010 3,16,48,290

## **Binny Mills Limited**

14. The companies are in the process of approaching the Income Tax Department for apportioning the Brought Forward Depreciation and Business Loss as per the Income Tax Act and on a conservative basis the net deferred tax assets are not recognized in the balance sheet as on 31<sup>st</sup> March, 2010 as a measure of prudence.
15. All operating leases entered into by the company are cancelable on giving a notice of one to three months. The operating lease amount for the year are charged to revenue.
16. Provision for gratuity is made as per the provisions of Payment of Gratuity Act, 1972 and not funded. Since the provision contemplated under the Actuarial Valuation method is less than the provision made as per the Payment of Gratuity Act, 1972, the same is ignored.

The leave encashment benefit to the employees are provided for on accrual basis and not funded. Since the provision contemplated under the Actuarial Valuation method is less than the provision made on accrual basis, the same is ignored.

17. There are no borrowing costs during the year.
18. Advances include a sum of Rs. 391.81 lakhs towards purchase of property due from a company in which a director is interested.
19. AUDIT FEES

<i>Particulars</i>	<i>2009-10</i> <i>Rs.</i>	<i>2008-09</i> <i>Rs.</i>
Statutory Audit	220600	5515
Total	220600	5515

20. By virtue of approved Scheme of the Demerger, by the High Court of Chennai, the Agencies and Services Division of the Binny Limited got demerged and stand transferred to and vested in this company on a going concern basis. The entire operation from the date of Appointed Date i.e. with effect from 01-01-2010, the Agencies and Services Division of Binny Limited is the main business of this Company and this is the only reportable segment.

21. RELATED PARTY DISCLOSURE

(a) List of Related Party  
Binny Limited – Associate

(b) Transactions with related party (Rs. in Lakhs)  
Loans and Advances – Outstanding 391.81

22. The estimated amount of contracts remaining to be executed on account of Capital account as at 31<sup>st</sup> March 2010: NIL.

### 3rd Annual Report 2009-2010

#### 23. Earnings Per Share

Particulars	As at 31 <sup>st</sup> March 2009	As at 31 <sup>st</sup> March 2010
Profit available to Equity Share holders used as Numerator - (A)	1343214	(9695)
Number of Shares outstanding	50000	50000
Weighted Average Number of shares outstanding - (B)	50000	50000
Effect of dilution if any - (C)	3188474	NIL
Weighted Average No. of Equity Shares including potential shares - (D)	797119	50000
Adjusted PAT for Dilution if any (E)	1310569	(9695)
Earnings per share (Basic) - (A/ B) In Rs.	26.86	(0.20)
Earnings per share (Diluted) - (E / D) In Rs.	1.69	(0.20)

24. Figures for the previous year have been regrouped wherever necessary to conform to the current year's classification. The figures for current year includes the transaction relating to the business of the company after incorporating the demerger business with effect from 01-01-2010 and hence not strictly comparable with previous year.

25. Cash Flow Statement and balance Sheet Abstract are enclosed.

For **CNGSN & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO. 004915S

For **T.SELVARAJ & CO**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO. 003703S

**V.R.Venkataachalam**  
Chairman

**R. THIRUMALMARUGAN**  
Partner  
M.NO. 200102

**T.SELVARAJ**  
Partner  
M.NO. 11370

**V.Rajasekaran**  
Managing Director

Place : Chennai  
Date : 27.08.2010

**Binny Mills Limited**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2010**

	<b>Current Year</b>
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit for the year before tax	15,88,662
Adjustment for Depreciation	58,423
Expenses written off	50,506
Operating Profit before working Capital Changes	16,97,591
<b>Changes in Current Assets &amp; Current Liabilities</b>	
Adjustments for Trade & other receivables	
Decrease (increase) in sundry debtors	(10,76,154)
Decrease (increase) in inventories	(10,51,712)
Decrease (increase) in loans and advances	(17,92,719)
Decrease (increase) in Other current assets	10,72,514
Net Current Assets brought forward on demerger	
Increase (Decrease) in current liabilities	7,81,466
Cash Generated from / used in Operating Activities	(3,69,013)
Direct Taxes Paid	-
Net Cash Provided by Operating Activities (a)	(3,69,013)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>	-
(b)	-
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>	-
(c)	-
Total increase (decrease) in cash and equivalents during the year (a + b + c)	(3,69,013)
Cash and equivalents at the beginning of the year	27,82,267
Cash and equivalents at the end of the year	24,13,254

Non-cash items relating to the transfer of assets and liabilities from Binny Limited on Demerger, as per Sanctioned Court Order has not been considered.

The cash and cash equivalent at the beginning of the period includes Rs.2287740/- transferred from demerger as per the Sanctioned Court Order.

As per Our Report of even date  
For **CNGSN & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO. 004915S

As per Our Report of even date  
For **T.SELVARAJ & CO**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO. 003703S

**V.R.Venkataachalam**  
Chairman

**R. THIRUMALMARUGAN**  
Partner  
M.NO. 200102

**T.SELVARAJ**  
Partner  
M.NO. 11370

**V.Rajasekaran**  
Managing Director

Place : Chennai  
Date : 27.08.2010



## 3rd Annual Report 2009-2010

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :-

<b>I. REGISTRATION DETAILS :-</b>			
REGISTRATION NO.	-	U17120TN2007PLC065807	
STATE CODE	-	18	
BALANCE SHEET DATE	-	31-03-2010	
<b>II. CAPITAL RAISED DURING THE YEAR :-</b>			
PUBLIC ISSUE	-	Rs.	NIL
RIGHTS ISSUE	-	Rs.	NIL
BONUS ISSUE	-	Rs.	NIL
PRIVATE PLACEMENT	-	Rs.	NIL
G.D.R. ISSUE	-	Rs.	NIL
<b>III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :-</b>			
TOTAL LIABILITIES	-	Rs.	167,83,19,267
TOTAL ASSETS	-	Rs.	167,83,19,267
<b>SOURCE OF FUNDS :-</b>			
PAIDUP CAPITAL	-	Rs.	5,00,000
SHARE CAPITAL PENDING ALLOTMENT	-	Rs.	144,14,15,450
RESERVES & SURPLUS	-	Rs.	23,63,41,201
SECURED LOANS	-	Rs.	-
UNSECURED LOANS	-	Rs.	62,616
DEFERRED TAX LIABILITY	-	Rs.	-
<b>APPLICATION OF FUNDS :-</b>			
NET FIXED ASSETS	-	Rs.	155,43,24,836
INVESTMENTS	-	Rs.	NIL
NET CURRENT ASSETS	-	Rs.	12,39,94,431
MISCELLANEOUS EXPENDITURE	-	Rs.	NIL
ACCUMULATED LOSS	-	Rs.	-
<b>IV. PERFORMANCE OF COMPANY :-</b>			
TURNOVER	-	Rs.	1,11,88,505
TOTAL EXPENDITURE	-	Rs.	95,99,843
PROFIT BEFORE TAX	-	Rs.	15,88,662
PROFIT AFTER TAX	-	Rs.	13,43,214
EARNINGS PER SHARE	-	Rs.	26.86
DIVIDEND RATE	-		NIL
<b>V. GENERIC NAMES OF THE THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY :-</b>			
Item	Code No. (ITC Code)	Product Description	
NIL			

As per Our Report of even date  
For **CNGSN & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO. 004915S

As per Our Report of even date  
For **T.SELVARAJ & CO**  
CHARTERED ACCOUNTANTS  
FIRM REGN NO. 003703S

**V.R.Venkataachalam**  
Chairman

**R. THIRUMALMARUGAN**  
Partner  
M.NO. 200102

**T.SELVARAJ**  
Partner  
M.NO. 11370

**V.Rajasekaran**  
Managing Director

Place : Chennai  
Date : 27.08.2010

# BINNY MILLS LIMITED

Registered Office: TCP Sapthagiri Bhavan, No.4, Karpagambal Nagar, Mylapore, Chennai 600 004

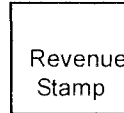
## PROXY

I/We.....  
in the district of.....being member/  
members of the above named Company hereby appoint.....  
of.....in the district of.....  
or failing him.....as my / our Proxy to  
vote for me / us on my / our behalf at the Third Annual General Meeting of the company to be held on 27<sup>th</sup>  
September 2010 at 10.15 A.M. and at any adjournment thereof.

Signed this ..... day of.....2010.

Folio No.....

No. of Shares held.....



### Notes:

1. A member entitled to attend and vote, is entitled to appoint a proxy to attend and on a poll, to vote instead of himself.
2. A proxy need not be a member.
3. Revenue stamp should be affixed to this and it should then be signed by the member.
4. The form thus completed should be deposited at the Registered Office of the company at the address given above not later than 48 hours before the time of the Meeting.



## ATTENDANCE SLIP Binny Mills Limited

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

1. Full Name of the Shareholder/proxy.....
2. Registered Folio No.....No.of Shares.....
3. If proxy, full name of the shareholder.....

I Hereby record my presence at the 3<sup>rd</sup> Annual General Meeting at No.106, Armenian Street, Chennai 600001 on Monday, the 27<sup>th</sup> September 2010 at 10-15 A.M.

.....  
(Signature of shareholder/proxy)

**Important** : This attendance slip must be handed over at the entrance of the meeting hall.

BOOK - POST

To

If Undelivered please return to :

**Binny Mills Limited.,**  
TCP Sapthagiri Bhavan, 1<sup>st</sup> Floor,  
No.4, (Old No.10) Karpagambal Nagar,  
Mylapore, Chennai - 600 004.