

# **Binny Mills Limited**

**Fifth Annual Report  
2011 - 2012**

# **BINNY MILLS LIMITED**

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**A REQUEST**

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

**Binny Mills Ltd**

# **BINNY MILLS LIMITED**

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

## **DIRECTORS**

Shri V. R. Venkataachalam - Chairman  
Shri V. Rajasekaran - Managing Director  
Shri V. Sengutuvan  
Shri S. Natarajan  
Shri S. Varatharajan

## ***Registered Office:***

TCP Sapthagiri Bhavan  
No.4 (Old No.10) Karpagambal Nagar,  
Mylapore,  
Chennai 600 004.  
email: [binnymills@bmlindia.com](mailto:binnymills@bmlindia.com)

## ***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 Fifth Annual General Meeting of the Company will be held on Saturday, the 29<sup>th</sup> September 2012 at 12 Noon 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 2012 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 S. Varatharajan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

In this context to consider, and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** M/s T. Selvaraj & Co., Chartered Accountants, Chennai, be and are hereby appointed as the auditors of the company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration as determined by the Board of Directors."

By Order of the Board of Directors  
For Binny Mills Limited

**V. Rajasekaran**  
Managing Director

#### **Registered Office:**

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

Date: 1<sup>st</sup> September 2012

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## **5th Annual Report 2011-2012**

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### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy Form, in order to be effective, must be deposited at the Registered Office of the company not later than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> September 2012 to 29<sup>th</sup> September 2012 (both days inclusive).
4. Members/Proxies are requested to bring the attendance slip sent herewith, duly filled in, for attending the meeting and their copy of the Annual Report to the meeting.
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members desiring to seek any information on the annual accounts or operations of the company are requested to send their queries to the Company, at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
8. Members holding shares in physical form can now avail nomination facility for the shares held by them. Members desirous of availing this facility may send in their nominations in Form 2B duly filled in and signed to the Registrar and Share Transfer Agent of the Company viz, Cameo Corporate Services Ltd., 'Subramanian Building', 5<sup>th</sup> Floor, No.1, Club House Road, Chennai 600 002. Phone: 044-2846 0390 to 2846 0394.
9. M/s Cameo Corporate Services Ltd., 'Subramanian Building', 5<sup>th</sup> Floor, No.1, Club House Road, Chennai 600 002. Phone: 044-2846 0390 to 2846 0394 is the Company's Registrar and Share Transfer Agent for physical transfer of shares and all correspondence may be addressed directly to them. In respect of shares held in Demat form, members may send requests or correspond through their respective Depository Participants.
10. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board resolution authorising their representatives to attend and vote at the Annual General Meeting.
11. Members who have multiple folios in identical names in the same order are requested to send all the Share Certificates either to the Company addressed to the Registered Office or to the Company's Registrar and Share Transfer Agent for consolidation of such folios into one to facilitate better services.

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***Binny Mills Limited***

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

The Ministry of Corporate Affairs (MCA) vide its Circular No.17/2011 dated 21<sup>st</sup> April 2011 and Circular No.18/2011 dated 29<sup>th</sup> April 2011 has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies, thereby allowing companies to serve documents to its members through electronic mode.

Your Company believes in Environment conservation for sustainable development and therefore your Company supports MCA in this initiative.

Members who hold shares in physical form are requested to intimate their e-mail address to the Company/ Share Transfer Agent and members holding shares in demat form can intimate their e-mail address to their Depository Participant, to enable the company, in future, to send documents such as notices of general meetings, annual reports and other share holder's communication to all the members through e-mail.

Members may also note that in case any member makes a request to the Company for the physical copy of the documents sent by e-mail, it shall be sent by post.

**DIRECTORS' REPORT****To the Members**

Your Directors have pleasure in presenting the Fifth Annual Report and the Audited Accounts of your company for the year ended 31<sup>st</sup> March 2012.

**FINANCIAL RESULTS**

	<b>31<sup>st</sup> March 2012 Rs.</b>	<b>31<sup>st</sup> March 2011 Rs.</b>
Sales and other Income	6,08,71,574	6,00,20,724
Profit before Depreciation	1,40,77,842	91,93,617
Depreciation	2,68,156	2,42,561
Profit Before Tax	1,38,09,686	89,51,056
Provision for Tax	44,80,553	14,67,590
Profit after Tax	93,29,133	74,83,466

**OPERATIONS**

As the members may be aware, pursuant to the Demerger Scheme of Binny Ltd, the Agencies and Services Undertaking of Binny Ltd was transferred to and vested in the Company, with effect from 1<sup>st</sup> Jan 2010, the Appointed Date as per the Demerger Scheme.

The company operates in 5 divisions viz., Warehousing, Cochin, Showrooms, Agencies and Bintex. The Warehousing division has rented its warehouses and is deriving rental income from it. The Cold Storage room division at Cochin has been rented out for godown and office space rental income. On 31<sup>st</sup> March 2012, the Cochin division had to be closed down and the land surrendered to the Cochin Port Trust, from whom the Cochin Division had taken it on lease, as the Cochin Port Trust authorities had issued Notice to vacate and surrender the land. The Showrooms are engaged in retail selling of textile materials. The Agencies division is engaged in the business of selling Tarpaulin, rain coats and bags. The Bintex division is engaged in selling textile materials, particularly uniform materials, bed spreads, and other textile varieties.

For the year 2011-12, the Rental income from Warehousing division was Rs. 128.37 lakhs as against Rs.90.49 lakhs in the previous year, an increase by about 42% and from Cochin Division Rs.15.10 lakhs as against Rs.12.91 lakhs in the previous year, an increase by about 17%. The sale made by the Showrooms division was Rs.22.02 lakhs as against Rs.11.88 lakhs in the previous year, an increase by about 85%, the Agencies division Rs.2.87 lakhs as against Rs.4.32 lakhs in the previous year and the Bintex division Rs.414.06 lakhs as against Rs.469.77 lakhs in the previous year.

The aggregate amount of Rent and Sales was Rs.582.44 lakhs as against Rs.589.37 lakhs in the previous year. The Net Profit before tax rose to Rs.138.09 lakhs from Rs.89.51 lakhs in the previous year, an increase by about 54%.

**PREFERENCE SHARES**

The 5,88,000 (9.75%) Cumulative Redeemable Preference Shares (CRPS) of Rs.5/- each, aggregating to Rs.29,40,000/- are redeemable on or before 30<sup>th</sup> June 2016.

The 28,14,18,142 (9%) CRPS of Rs.5/- each aggregating to Rs.140,70,90,710/- are redeemable on or before 12<sup>th</sup> May 2015.

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## **Binny Mills Limited**

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Preference dividend is payable on the CRPS from the date of original allotment of shares by Binny Ltd. The holders of the CRPS have preferential right to dividend over the equity share holders, as and when dividend is declared by the company. The Preference dividend in arrears for 9.75% CRPS, as at 31<sup>st</sup> March 2012, is Rs.16,48,238/- and for 9% CRPS it is Rs.64,45,45,218/-.

Since the Company is in the third year of operation after the transfer and vesting of the Agencies and Services Undertaking of Binny Ltd in the Company, pursuant to the Demerger Scheme, the company could not find enough resources to pay dividend this year. Hence, the company is not recommending preference dividend this year.

### **DIVIDEND ON EQUITY SHARES**

As stated for Preference Dividend, since the Company is in the third year of operation after the transfer and vesting of the Agencies and Services Undertaking of Binny Ltd in the Company, pursuant to the Demerger Scheme, the company could not find enough resources to pay dividend this year. Hence, the company is not recommending dividend on the equity shares this year.

### **DIRECTORS**

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

### **CORPORATE GOVERNANCE**

The Company believes in good Corporate Governance essential to achieve long-term corporate goals and to enhance stake holders' value. The Company is committed to complying with the principles of the Corporate Governance Code.

### **BOARD OF DIRECTORS**

The composition of the Board of Directors is in conformity with the Corporate Governance Code.

The present strength of the Board is five directors. The Board comprises of an optimum combination of Executive and Non-Executive directors, with four directors being Non-Executive directors, including the Non-Executive Chairman. There are two independent directors viz., Shri S. Natarajan and Shri S. Varatharajan, who exercise independent judgement in the Board's deliberations, discussions and decisions. Shri V. R. Venkataachalam is the Non-Executive Chairman and Shri V. Rajasekaran is the Managing Director.

The Directors on the Board are experienced, competent and highly respected persons in their respective field.

The Managing Director is not drawing any remuneration from the Company. The Non-Executive directors are not claiming sitting fees or other remuneration from the Company for attending the Board meetings or Committee meetings of the Company.

All the directors attended all the Board Meetings of the Company held during the year 2011-12 on the following dates, viz., 15<sup>th</sup> June 2011, 3<sup>rd</sup> August 2011, 29<sup>th</sup> August 2011, 31<sup>st</sup> October 2011 and 30<sup>th</sup> March 2012.

None of the directors of the Board are members in more than ten committees or act as chairman of more than five committees across all companies in which they are directors.

Shri V.R. Venkataachalam, Non-Executive Chairman, holds 1,09,317 equity shares in the Company constituting 3.42% of the paid-up equity shares of the Company. No other directors hold equity shares in the Company.





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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. However, NSDL has also marked frozen the ISIN for demat of the physical shares.

#### **Details of shares in Demat and Physical Form as on 31<sup>st</sup> March 2012:**

<b>Particulars</b>	<b>No. of Shareholders</b>	<b>No. of Shares</b>	<b>% to Capital</b>
NSDL	632	3,11,284	9.76
CDSL	16	505	0.02
Physical Form	8,324	28,76,685	90.22
<b>Total</b>	<b>8,972</b>	<b>31,88,474</b>	<b>100.00</b>

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

Your company has entered into an RTA Agreement with M/s Cameo Corporate Services Ltd., Chennai. 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

#### **APPOINTMENT OF WHOLE TIME COMPANY SECRETARY**

As per the provisions of the Companies Act, 1956 the Company should have a whole time Company Secretary. Despite the best efforts taken, the Company could not appoint a suitable person. The Company's present financial situation does not support the remuneration demanded by prospective candidates. However, the Company will endeavour to appoint a whole time Company secretary.

#### **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 2012, the applicable Accounting Standards have been followed along with proper explanations for material departures, if any;

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## **5th Annual Report 2011-2012**

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- 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 2012 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 2012 has been prepared on a going concern basis.

### **AUDITORS**

It is proposed to reappoint M/s T. Selvaraj & Co., Chartered Accountants, Chennai, as the Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company. The Directors recommend their appointment.

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

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

### **STATEMENT OF EMPLOYEES' PARTICULARS**

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

### **ADMINISTRATIVE OFFICE**

Your Company has decided to have an Administrative Office at No.106, Armenian Street, Chennai 600001 where the Books of Accounts of the Company will be kept and maintained.

### **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. Venkatachalam**  
Chairman

### **Registered Office:**

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

Date: 1<sup>st</sup> September 2012

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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 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss 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 Statement of Profit and Loss 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 31/03/2012 and taken on records by the Board of Directors, we report that, none of the Directors are disqualified as on 31/03/2012 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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f) We draw the attention of members to the following Note:

***i). Non-confirmation of balances as at 31.03.2012 from Debtors, other Current Assets and Sundry Creditors as stated in Note 24 in Notes Forming part of Financial Statements 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(i) 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 2012,
- ii. In the case of Statement of Profit and Loss, 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 T.SELVARAJ & CO**  
**CHARTERED ACCOUNTANTS**  
**Firm Regn.No:003703S**

**T.SELVARAJ**  
**PARTNER**  
**MEMBERSHIP No:11370**

Place : Chennai  
Date : 01.09.2012

**Re: BINNY MILLS LIMITED**

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 any loans, secured or unsecured, to the companies, firms or individual, parties covered in the register maintained under section 301 of the Companies Act, 1956. The Company has taken unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956, and the year end balance of such loan was Rs. 0.62 lakhs (Rs. 0.62 lakhs as on 31.3.2011). In our opinion, since the loan was received interest free without any terms and conditions stipulated for repayment, the same is not prima-facie prejudicial to the interest of the company.  
In our opinion, since the loan was received interest free without any terms and conditions stipulated for repayment, the principal portion has not fallen due for repayment.
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 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. According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, undisputed statutory dues including Provident Fund, Pension Fund, Employees State Insurance, income tax, service tax, cess and other material statutory

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## **5th Annual Report 2011-2012**

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dues applicable to the Company have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax and other statutory dues were in arrears as at 31st March 2012 for a period of more than six months from the date they became payable except in respect of service tax to the tune of Rs.236529/- Which is yet to be remitted.

There are no disputed statutory dues payables as at the Balance sheet date.

10. The Company does not have any accumulated losses as at 31<sup>st</sup> March 2012 and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
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 preference shares during the year.
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 T.SELVARAJ & CO**  
**CHARTERED ACCOUNTANTS**  
*Firm Regn.No:003703S*

**T.SELVARAJ**  
**PARTNER**  
**MEMBERSHIP No:11370**

Place : Chennai  
Date : 01.09.2012

## Binny Mills Limited

### BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	As at 31-03-2012		As at 31-03-2011	
		Rs.	Rs.	Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds:</b>					
(a) Share Capital	3	1,441,915,450		1,441,915,450	
(b) Reserves and Surplus	4	253,153,800		243,824,667	
			1,695,069,250		1,685,740,117
<b>(2) Non-current liabilities:</b>					
(a) Long-term borrowings	5	62,616		62,616	
(b) Other Long-term liabilities	6	34,858,559		34,728,098	
(c) Long-term provisions	7	2,078,087	36,999,262	3,051,000	37,841,714
<b>(3) Current liabilities:</b>					
(a) Trade payables	8	8,154,731		5,019,164	
(b) Other current liabilities	9	5,942,071		6,076,510	
(c) Short-term provisions	10	2,504,607	16,601,409	1,253,133	12,348,807
Total			1,748,669,921		1,735,930,638
<b>II. ASSETS:</b>					
<b>(1) Non-current assets</b>					
<b>(a) Fixed Assets</b>					
(i) Tangible assets	11	1,555,812,715		1,555,871,459	
(b) Deferred tax assets (Net)	12	408,826		519,015	
(c) Long-term loans and advances	13	802,693	1,557,024,234	403,662	1,556,794,136
<b>(2) Current assets</b>					
(a) Inventories	14	9,885,058		5,889,918	
(b) Trade receivables	15	4,741,282		5,252,117	
(c) Cash and cash equivalents	16	2,274,336		2,698,830	
(d) Short-term loans and advances	17	174,745,011	191,645,687	165,295,637	179,136,502
Total			1,748,669,921		1,735,930,638
Significant Accounting Policies & Notes to Accounts 1 to 40					

The Notes referred to above form an integral part of the financial statements

For and on Behalf of the Board  
**V.R.Venkataachalam**  
 Chairman

As per our report of even date  
 For M/S **T.SELVARAJ & CO**  
**CHARTERED ACCOUNTANTS**  
 Firm Regn.No:003703S

**V.Rajasekaran**  
 Managing Director

**T.SELVARAJ**  
 PARTNER  
 M.No:11370

Place : Chennai  
 Date : 01.09.2012



## 5th Annual Report 2011-2012

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note	For the year ended 31-03-2012 Rs.	For the year ended 31-03-2011 Rs.
I Revenue from operations	18	58,595,211	59,309,718
II Other income	19	2,276,363	711,006
<b>III Total Revenue</b>		<b>60,871,574</b>	<b>60,020,724</b>
IV Expenses:			
a Cost of materials consumed	20	876,991	857,218
b Purchases of Stock-in-Trade		37,874,951	38,611,801
c Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(3,995,136)	1,227,861
d Employee benefit expenses	22	3,336,989	3,999,383
e Finance costs		-	-
f Depreciation and amortization expenses	11	268,156	242,561
g Other expenses	23	8,699,937	6,130,844
<b>Total expenses</b>		<b>47,061,888</b>	<b>51,069,668</b>
V Profit before exceptional and extraordinary items and tax		13,809,686	8,951,056
VI Exceptional items		-	-
VII Profit before extraordinary items and tax		13,809,686	8,951,056
VIII Extraordinary items		-	-
IX Profit before tax		13,809,686	8,951,056
X Tax expense			
(1) Current tax		4,370,364	2,151,195
(2) MAT credit Entitlement		-	(164,590)
(3) Deferred tax (Net)		110,189	(519,015)
XI Profit for the period from continuing operations		9,329,133	7,483,466
XII Profit from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit from discontinuing operations after tax		-	-
XV Profit for the period		9,329,133	7,483,466
XVI Basic & Diluted Earnings per share		2.93	2.82

The Notes referred to above form an integral part of the financial statements

For and on Behalf of the Board  
**V.R.Venkataachalam**  
 Chairman

As per our report of even date  
 For M/S **T.SELVARAJ & CO**  
**CHARTERED ACCOUNTANTS**  
 Firm Regn.No:003703S

**V.Rajasekaran**  
 Managing Director

**T.SELVARAJ**  
 PARTNER  
 M.No:11370

Place : Chennai  
 Date : 01.09.2012

## **NOTES FORMING PART OF FINANCIAL STATEMENTS**

### **1. Corporate Information**

Binny Mills Ltd was incorporated as a Public Limited Company on 20th December 2007. The Company was issued Certificate for Commencement of Business on 6th February 2008. The CIN of the Company is U17120TN2007PLC065807.

The Company is engaged in the business activities of providing services and trading of goods. The company derives rental income by letting out on rent, its warehouses situated in Perambur, Chennai, to various tenants. Apart from this, the Company buys and sells textile materials (trading in textile) including retail sales to customers, from its textile division at Chennai and from the showrooms in Bangalore and Kolkata.

### **2. Summary of Accounting Policies**

**The significant accounting policies followed by the company are as stated below:**

#### **I. 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.

#### **II. 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.

#### **III. 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.

#### **IV. FIXED ASSETS**

Fixed Assets are stated at cost less accumulated depreciation.

#### **V. DEPRECIATION**

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

#### **VI. INVESTMENTS**

There are no Investments.

#### **VII. 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.

#### **VIII. FOREIGN CURRENCY TRANSACTIONS**

There are no Foreign currency transactions during the year.

**IX. 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 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.

**X. LEASES**

Lease rental in respect of operating lease arrangements are charged to revenue on a straight line basis over the term of the related lease agreement.

**XI. RETIREMENT BENEFITS**

Provident Fund & Employee State Insurance :

Contribution to Provident Fund and Employee State Insurance is as per the Rules of the respective acts.

Gratuity:

Provision for gratuity is made in accordance with AS -15 (revised) as per Actuarial Valuation using Projected Unit Credit Method and not funded.

Leave encashment:

The leave encashment benefit to the employees are provided in accordance with AS -15 (revised) as per Actuarial Valuation using Projected Unit Credit Method.

**XII. 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.

**XIII. CASH FLOW STATEMENT**

Cash flow statement is prepared under the indirect method as per Accounting Standard 3 "Cash Flow Statements".

**XIV. EARNINGS PER SHARE**

The company reports basic and diluted earnings per share in accordance with the Accounting Standards – 20-'Earnings per Share'.

**XV. SEGMENT REPORTING**

The Company operates in only one segment.

**XVI. 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.

**XVII. 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.

**XVIII. RELATED PARTY DISCLOSURE**

Information on transactions with related parties has been provided in the format specified by ASI -13. Disclosure is made, party wise in respect of material related party transactions as specified by ASI -13.

**Binny Mills Limited**

**NOTES TO THE BALANCE SHEET AS AT 31ST MARCH 2012**

	For the year ended 31/03/2012 Rs.	For the year ended 31/03/2011 Rs.
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**NOTE-3**

**(A) Authorised, Issued, Subscribed  
and Paid-up share capital and par value per share**

**Authorised Share Capital**

**Equity Shares**

32,00,000 Equity Shares of Rs.10/- each	32,000,000	32,000,000
---	------------	------------

**Preference Shares**

6,00,000 9.75% Cumulative Redeemable Preference Shares of Rs.5/- each	3,000,000	3,000,000
--	-----------	-----------

28,15,00,000 9% Cumulative Redeemable Preference Shares of Rs.5/- each	1,407,500,000	1,407,500,000
---	---------------	---------------

	1,442,500,000	1,442,500,000
--	---------------	---------------

**Issued, Subscribed and Paid Up**

**Equity Shares**

31,88,474 Equity Shares of Rs.10/- each	31,884,740	31,884,740
---	------------	------------

**Preference Shares**

5,88,000 9.75% Cumulative Redeemable Preference Shares of Rs.5/- each	2,940,000	2,940,000
--	-----------	-----------

28,14,18,142 9% Cumulative Redeemable Preference Shares of Rs.5/- each	1,407,090,710	1,407,090,710
---	---------------	---------------

	1,441,915,450	1,441,915,450
--	---------------	---------------

**Terms of Issue and Redemption**

9.75% Cumulative Redeemable Preference Shares issued on 2.6.2010 redeemable on or before 30.06.2016	2,940,000	
---	-----------	--

9% Cumulative Redeemable Preference Shares issued on 2.6.2010 redeemable on or before 12.05.2015	1,407,090,710	
--	---------------	--

**(B) Reconciliation of number of  
equity shares outstanding at the  
beginning and at the end of the year:**

Number of equity shares outstanding as at the beginning of the year	3,188,474	3,188,474
--	-----------	-----------

Add: Number of Shares allotted during the year	—	—
--	---	---

Less: Number of Shares bought back	—	—
------------------------------------	---	---

Number of equity shares outstanding as at the end of the year	3,188,474	3,188,474
--	-----------	-----------

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**NOTES TO THE BALANCE SHEET AS AT 31ST MARCH 2012**

	For the year ended 31/03/2012 Rs.	For the year ended 31/03/2011 Rs.
<b>(C) Shares in the company held by each shareholder holding more than 5%:</b>		
Name of shareholder	No of shares at year end	No of shares at year end
Shri.N.P.V.Ramasamy Udayar	3,32,831	3,32,831
Shri.M.Ethurajan	2,87,845	2,87,845
	<u>6,20,676</u>	<u>6,20,676</u>
Name of shareholder	% as at year end	% as at year end
Shri.N.P.V.Ramasamy Udayar	10	10
Shri.M.Ethurajan	9	9
	<u>19</u>	<u>19</u>

**NOTE-4**

**RESERVES AND SURPLUS**

a Revaluation Reserve		235,021,085		235,021,085
b Surplus in Statement of Profit and Loss				
Opening Balance	8,803,582		1,320,116	
Add: Profit for the year	9,329,133		7,483,466	
Closing Balance	<u>18,132,715</u>		<u>8,803,582</u>	
Less: Transfer to General Reserve	—	18,132,715	—	8,803,582
		<u>253,153,800</u>		<u>243,824,667</u>

**NOTE-5**

**LONG-TERM BORROWINGS:**

Loans and advances from related parties		62,616		62,616
		<u>62,616</u>		<u>62,616</u>

**NOTE-6**

**OTHER LONG TERM LIABILITIES**

a Security deposits received		211,626		368,565
b Advance for sale of property		34,646,933		34,359,533
		<u>34,858,559</u>		<u>34,728,098</u>

**NOTE-7**

**LONG TERM PROVISIONS**

Provision for Gratuity		1,826,489		2,864,000
Provision for Compensated Absences		251,598		187,000
		<u>2,078,087</u>		<u>3,051,000</u>

***Binnys Mills Limited***

**NOTES TO THE BALANCE SHEET AS AT 31ST MARCH 2012**

	For the year ended 31/03/2012 Rs.	For the year ended 31/03/2011 Rs.
<b>NOTE-8</b>		
<b><u>TRADE PAYABLES</u></b>		
Other than Acceptances ( Refer Note 27)	8,154,731	5,019,164
	<u>8,154,731</u>	<u>5,019,164</u>
<b>NOTE-9</b>		
<b><u>OTHER CURRENT LIABILITIES</u></b>		
a Expenses payable	2,669,039	2,544,351
b Rent advance received	3,273,032	3,532,159
	<u>5,942,071</u>	<u>6,076,510</u>
<b>NOTE-10</b>		
<b><u>SHORT TERM PROVISIONS</u></b>		
a Provision for gratuity	138,511	—
b Provision for compensated absences	6,402	—
c Provision for income tax (net)	2,359,694	1,253,133
	<u>2,504,607</u>	<u>1,253,133</u>
<b>NOTE-12</b>		
<b><u>DEFERRED TAX ASSETS (NET)</u></b>		
Deferred tax (liability) / asset		
Tax effect of items constituting deferred tax liability		
a On difference between book balance and tax balance of fixed assets	296,111	150,956
b Employee Benefits	463,070	97,320
c Allowances U/s.40 a (ia)	73,278	73,278
Tax effect of items constituting deferred tax liability	<b>832,459</b>	<b>321,554</b>
Tax effect of items constituting deferred tax assets		
a Employee benefits	322,566	258,812
b Disallowances U/s.40 a (ia)	820,996	581,757
c Service tax offered to tax as trading Receipt	56,217	
d Disallowance for payments covered U/s.43B	41,506	
Tax effect of items constituting deferred tax assets	<b>1,241,285</b>	<b>840,569</b>
Net deferred tax (liability) / asset	<u>408,826</u>	<u>519,015</u>

NOTES TO THE BALANCE SHEET AS AT 31ST MARCH 2012

NOTE-11 : FIXED ASSETS - TANGIBLE

Description	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount		
	As at 31st March, 2011	Addition	Deletion	As at 31st March, 2011	Depreciation for the year	Deletion	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
	Rs.	Rs.	Rs.	Rs.	Rs.	.Rs.	Rs.	Rs.	Rs.
Land	1,551,813,981	-	-	1,551,813,981	-	-	1,551,813,981	1,551,813,981	1,551,813,981
Buildings	5,703,136	134,420	-	5,837,557	151,956	-	2,389,929	3,447,628	3,465,163
Plant & Equipment	4,204,205	74,990	-	4,279,195	108,705	-	3,759,858	519,338	553,052
Furniture & Fixtures	1,239,549	-	-	1,239,549	1,868	-	1,233,186	6,363	8,261
Vehicles	33,554	-	-	33,554	0	-	33,550	4	4
Office Equipments	34,525	-	-	34,525	5,597	-	9,124	25,401	30,998
	1,563,028,950	209,410	-	1,563,238,361	268,156	-	7,425,647	1,555,812,715	1,555,871,459
Previous year	1,561,239,765	1,789,185	-	1,563,028,950	242,561	0	7,157,491	1,555,871,459	

**Binny Mills Limited**

**NOTES TO THE BALANCE SHEET AS AT 31ST MARCH 2012**

	For the year ended 31/03/2012 Rs.	For the year ended 31/03/2011 Rs.
<b>NOTE-13</b>		
<b><u>LONG TERM LOANS AND ADVANCES</u></b>		
<b>Secured Considered Good</b>		
a Balance with Customs & Excise authorities	—	15,000
b Deposits	232,693	388,662
c Others	570,000	—
	802,693	403,662
<b>NOTE-14</b>		
<b><u>INVENTORIES</u></b>		
Stock in Trade	9,885,058	5,889,918
	9,885,058	5,889,918
<b>NOTE-15</b>		
<b><u>TRADE RECEIVABLES</u></b>		
<b>Unsecured Considered Good</b>		
a Trade receivables outstanding for more than six months from the date they became due for payment	—	—
b Trade receivables (others)	4,741,282	5,252,117
	4,741,282	5,252,117
<b>NOTE-16</b>		
<b><u>CASH AND CASH EQUIVALENTS</u></b>		
a Balance with banks	2,120,832	2,589,004
c Cash on hand	153,504	109,826
	2,274,336	2,698,830
<b>NOTE-17</b>		
<b><u>SHORT TERM LOANS AND ADVANCES</u></b>		
<b>Secured, Considered Good</b>		
a Balance with Customs & Excise authorities	15,000	—
b Deposits	115,973	—
c Advance to related parties	141,149,818	132,149,317
d Service tax receivable	18,540	38,025
e Others	33,308,384	32,900,000
<b>Unsecured, Considered Good</b>		
Prepaid Expenses	13,731	1,193
Advances to Staff	18,000	41,500
Advances to Suppliers	105,565	165,602
	174,745,011	165,295,637



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**NOTES TO THE PROFIT & LOSS STATEMENT FOR THE YEAR ENDED  
31ST MARCH 2012**

	For the year ended 31/03/2012 Rs.	For the year ended 31/03/2011 Rs.
<b>NOTE-18</b>		
<b><u>INCOME</u></b>		
a Sale of Products	43,895,954	48,597,201
b Sale of Services	14,348,218	10,340,213
c Other Operating Revenues	351,039	372,304
	<u>58,595,211</u>	<u>59,309,718</u>
Less: Excise Duty	—	—
	<u>58,595,211</u>	<u>59,309,718</u>
<b>NOTE-19</b>		
<b><u>OTHER INCOME</u></b>		
d Other non-operating income	2,276,363	711,006
	<u>2,276,363</u>	<u>711,006</u>
<b>NOTE-20</b>		
<b><u>COST OF MATERIALS CONSUMED</u></b>		
a Packing Materials consumed	876,991	857,218
	<u>876,991</u>	<u>857,218</u>
<b>NOTE-21</b>		
<b><u>CHANGES IN STOCK-IN-TRADE</u></b>		
Opening		
Stock in trade (traded items)	5,889,921	7,117,782
	<u>5,889,921</u>	<u>7,117,782</u>
Closing		
Stock in trade (traded items)	9,885,057	5,889,921
	<u>9,885,057</u>	<u>5,889,921</u>
	<u>(3,995,136)</u>	<u>1,227,861</u>
<b>NOTE-22</b>		
<b><u>EMPLOYEE BENEFIT EXPENSES</u></b>		
a Salaries and wages	2,788,308	2,863,405
b Contribution to PF and other funds	301,779	337,018
c Staff welfare expenses	159,902	144,917
d Gratuity	—	656,816
e Compensated absences	87,000	(2,773)
	<u>3,336,989</u>	<u>3,999,383</u>

## **Binny Mills Limited**

<b>NOTE-23</b>	<b>For the year ended</b>	<b>For the year ended</b>
<b><u>OTHER EXPENSES</u></b>	<b>31/03/2012</b>	<b>31/03/2011</b>
	<b>Rs.</b>	<b>Rs.</b>
a Rent	2,093,863	1,301,444
b Insurance	98,157	40,098
c Power and Fuel	535,428	494,266
d Repairs to building	287,991	151,879
e Repairs to machinery	61,237	7,284
f Rates and taxes	391,445	468,559
g Payment to statutory auditors		
for audit	125,000	125,000
for tax audit	25,000	25,000
for certification	27,575	5,000
h Legal expenses	412,371	42,500
i Advertisement	15,680	840
j Selling expenses	1,387,222	984,770
k Bad debts written off	58,645	-
l Bank Charges	79,717	41,171
m Miscellaneous expenses	3,100,606	2,443,033
	<b>8,699,937</b>	<b>6,130,844</b>

24. Balances in sundry debtors, sundry creditors and other current assets are subject to confirmation. 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.
25. Total outstanding dues of Creditors to Small Scale Industrial Undertakings – Rs. Nil (Rs. Nil as on 31.3.2011).
- Total Outstanding dues of Creditors other than Small Scale Industrial Undertakings – Rs. 81.55 lakhs (Rs.50.19 lakhs as on 31/03/2011).
26. All operating leases entered into by the company are cancellable on giving a notice of one to three months. The operating lease amount for the year is charged to revenue.
27. There are no Micro, Small and Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days at the Balance Sheet Date, computed on unit wise basis. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.
28. Employee Benefits:
- A. The Company has determined the liability for employee benefits as at 31<sup>st</sup> March 2012 in accordance with Accounting Standard – 15 (revised) “Employee Benefits” issued by the ICAI and as provided in the Companies (Accounting Standard) Rules, 2006.
- B. Defined Benefit Plan – as per Actuarial Valuation as on 31<sup>st</sup> March 2012 – Gratuity & Long Term Compensated Absence

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Particulars	Gratuity Unfunded	Long term Compensated Absence
	Amount in Rs.000s	Amount in Rs.000s
<b>Changes in the present value of obligations:</b>		
Present value of obligation as at the beginning of the year	2864	187
Interest cost	225	15
Current service cost	83	78
Benefits paid	(104)	(16)
Actuarial loss on obligation	(1103)	(6)
Present value of obligation as at the end of the year	1965	258
<b>Changes in the fair value of plan assets:</b>		
Fair value of plan assets as at the beginning of the year	0	0
Expected return on plan assets	0	0
Contributions	0	0
Benefits paid	0	0
Actuarial gain on plan assets	0	0
Fair value of plan assets as at the end of the year	0	0
<b>Actual Return on Plan Assets:</b>		
Expected return on plan assets	Not Applicable	Not Applicable
Actuarial gain on plan assets	Not Applicable	Not Applicable
Actual return on plan assets	Not Applicable	Not Applicable
<b>Fair value of plan assets:</b>		
Fair value of plan assets as at the beginning of the year	0	0
Actual return on plan assets	0	0
Contributions	0	0
Benefits paid	0	0
Fair value of plan assets as at the end of the year	0	0
Funded status (Liability)	0	0
Excess of Actual over Expected return on plan assets	0	0
<b>Net Actuarial Loss:</b>		
Actuarial loss on obligation	0	0
Actuarial gain on plan assets	0	
Net Actuarial loss at the end of the year	0	
<b>Net Liability recognised in the Balance Sheet</b>		
Present value of obligation as at the end of the year	1965	258
Fair value of plan assets as at the end of the year	0	0
Funded status (Liability)	0	0
Net Liability recognised in the Balance Sheet as at the end of the year	1965	258

**Binny Mills Limited**

Particulars	Gratuity Unfunded	Long term Compensated Absence
	Amount in Rs.000s	Amount in Rs.000s
<b>Expense recognised in the statement of Profit &amp; Loss for the year ended 31<sup>st</sup> March 2012</b>		
Current service cost	83	78
Interest cost	225	15
Expected return on plan assets	0	0
Net Actuarial (Gain) / Loss to be Recognized	(1103)	(6)
Expense recognised in the Statement of Profit & Loss	<b>(795)</b>	<b>87</b>
<b>Movement of Net Liability</b>		
Net Liability as at the beginning of the year	<b>2864</b>	<b>187</b>
Contributions	(104)	(16)
Expense recognised in the Statement of Profit & Loss	(795)	87
Net Liability as at the end of the year	<b>1965</b>	<b>258</b>
<i>Actuarial Assumptions:</i>	<i>31<sup>st</sup> March 2012</i>	<i>31<sup>st</sup> March 2011</i>
<b>Discount rate</b>	<b>8%</b>	<b>8%</b>
<b>Expected rate of return on plan assets</b>	<b>Not Applicable</b>	<b>Not Applicable</b>
<b>Salary Escalation</b>	<b>4%</b>	<b>4%</b>
<b>Attrition rate</b>	<b>5%</b>	<b>5%</b>
<b>Mortality rate</b>	<b>LIC (1994-1996) Table</b>	

The present value of obligations has been calculated using Projected Unit Credit Method, as specified in Accounting Standard 15-Employee Benefits, which assumes that each period of service gives rise to an additional unit of obligation.

The company is a going concern with normal changes in the employees' profile.

29. There are no borrowing costs during the year.
30. Advances include a sum of Rs. 1411.50 lakhs (Rs.1320.50 lakhs as on 31.3.2011) towards purchase of property due from a Company in which directors are interested.

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### 31. Related Party Disclosures

The following are the related party transactions during the year

	Associates Amount in Rs.
<b><u>Preference Shares Allotted:</u></b>	
Transactions during the year	(-) (1409530710)
Outstanding amount at the Balance Sheet date	1409530710 (1409530710)
<b><u>Loans and Advances – Advance for purchase of property:</u></b>	
Transactions during the year	9099501 (91297836)
Outstanding amount at the Balance Sheet date	141149818 (132050317)
<b><u>Advance received for sale of Land:</u></b>	
Transactions during the year	286780 (34360152)
Outstanding amount at the Balance Sheet date	34646933 (34360152)
<b><u>Sale of Goods:</u></b>	
Transactions during the year	531350 (390859)
Outstanding amount at the Balance Sheet date	338095 (-51671)

Figures in bracket relate to previous years

No amounts have been written off or provided for or written back during the year in respect of debts due from or to the related parties.

Related Party Relationships:

Associates	TCP Limited Binny Limited S.V.Sugar Mills Limited Thirumagal Mills Limited Thiruvalluvaar textiles Private Limited Mohan Breweries & Distilleries Limited
Key Management Personnel	Shri V.R. Venkataachalam, Chairman Shri V. Rajasekaran, Managing Director

## ***Binny Mills Limited***

32. The estimated amount of contracts remaining to be executed on account of Capital account as at 31st March 2012: Rs. Nil (Rs. Nil as at 31st March 2011).
33. Provision for Wealth Tax is not made in the books as in the opinion of the management, no wealth tax is payable.
34. The Preference Dividend payable on the Cumulative Redeemable Preference Shares (CRPS) issued by the Company is as follows:

On the 5,88,000 (9.75% ) CRPS of Rs.5/- each aggregating to Rs.29,40,000/-, the preference dividend payable is Rs.16,48,238/- (Rs.13,61,588/- for 31-3-2011). The Redemption date for 9.75% CRPS, which was due for redemption on or before 30<sup>th</sup> June 2011, has been extended by 5 five years, with the consent of the holders of the 9.75% CRPS.

On the 28,14,18,142 (9%) CRPS of Rs.5/- each aggregating to Rs. 140,70,90,710/-, the preference dividend payable is Rs.64,45,45,218/- (Rs. 51,79,07,054/- for 31-3-2011).

The arrears of Preference Dividend are calculated from the date of original allotment of shares by Binny Ltd. Binny Ltd was demerged on 1<sup>st</sup> January 2010 (i.e., the Appointed date) vide the Order of The Madras High Court dated 22<sup>nd</sup> April 2010. The arrears of preference dividend are to be borne by the resulting companies, viz., Binny Mills Ltd and S V Global Mill Ltd, from the date of original allotment of shares by Binny Ltd.

35. Earnings Per Share

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Profit available to Equity Share holders used as Numerator - (A)	9329134	7483466
Number of Shares outstanding	3188474	3188474
Weighted Average Number of shares outstanding - (B)	3188474	2655363
Effect of dilution if any - (C)	NIL	NIL
Weighted Average No.of Equity Shares including potential shares-(D)	3188474	2655363
Adjusted PAT for Dilution if any (E)	9329134	7483466
Earnings per share (Basic) - (A/ B) In Rs.	2.93	2.82
Earnings per share (Diluted) - (E / D) In Rs.	2.93	2.82

36. The Company had obtained in-principle approval from the Bombay Stock Exchange for listing of its equity shares. Later the Company had approached the Securities Exchange Board of India (SEBI) for obtaining relaxation under Rule 19(2)(b) of Securities Contract Regulation Rules, 1957 and the same is pending.
37. Cash Flow Statement and balance Sheet Abstract are enclosed.

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## **5th Annual Report 2011-2012**

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38. The Confirmation of balance in respect of one bank account held with Indian Bank was not produced for our verification. The closing book balance in such bank account was Rs.9925 as on 31st March 2012.
39. Short term provision for Gratuity and Leave encashment are not reported in respect of the previous year figures for want of details.
40. The Revised Schedule has become effective from 1st April 2011 for preparation of Financial Statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classification / disclosure.

For and on Behalf of the Board  
**V.R.Venkataachalam**  
Chairman

As per our report of even date  
For **M/S T.SELVARAJ & CO**  
**CHARTERED ACCOUNTANTS**  
Firm Regn.No:003703S

**V.Rajasekaran**  
Managing Director

**T.SELVARAJ**  
PARTNER  
M.No:11370

Place : Chennai  
Date : 01.09.2012

**Binny Mills Limited**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2012**

	31.3.2012		31.3.2011	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit for the year before tax		13,809,686		8,951,056
Adjustment for Depreciation	268,156		242,561	
Interest paid	-		38,671	
Preliminary expenses written off	-	268,156		281,232
Operating Profit before working Capital Changes		<u>14,077,841</u>		<u>9,232,288</u>
<b>Changes in Current Assets &amp; Current Liabilities</b>				
Decrease / (Increase) in sundry debtors	510,835		(1,366,051)	
(Increase) / Decrease in inventories	(3,995,140)		1,227,861	
(Increase) / Decrease in loans and advances	(9,848,405)		(40,338,852)	
Decrease in Other current assets	-		-	
Increase/(Decrease) in current liabilities & Provisions	2,303,587	(11,029,123)	33,849,817	(6,627,225)
Cash Generated from/used in Operating Activities		3,048,718		2,605,063
Direct Taxes Paid		3,263,803		491,631
Net Cash from Operating Activities	(a)	<u><u>(215,085)</u></u>		<u><u>2,113,432</u></u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets		(209,410)		(1,789,185)
	(b)	<u><u>(209,410)</u></u>		<u><u>(1,789,185)</u></u>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest Paid		-		(38,671)
	(c)	<u><u>-</u></u>		<u><u>(38,671)</u></u>
Total increase in cash and equivalents during the year	(a + b + c)	(424,495)		285,576
Cash and equivalents at the beginning of the year		2,698,830		2,413,254
Cash and equivalents at the end of the year*		<u>2,274,336</u>		<u>2,698,830</u>
*Comprises:				
Cash on Hand		153504		
Balances with Bank in current accounts		2120832		
		<u>2274336</u>		

For and on Behalf of the Board  
**V.R.Venkatachalam**  
 Chairman

As per Our Report of even date  
 For **T.SELVARAJ & CO**  
**CHARTERED ACCOUNTANTS**  
 Firm Regn.No:003703S

**V.Rajasekaran**  
 Managing Director  
 Place : Chennai  
 Date : 01.09.2012

**T.SELVARAJ**  
 PARTNER  
 M.No:11370



## 5th Annual Report 2011-2012

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

I. REGISTRATION DETAILS :-			
REGISTRATION NO.	-	U17120TN2007PLC065807	
STATE CODE	-		18
BALANCE SHEET DATE	-		31-03-2012
II. CAPITAL RAISED DURING THE YEAR :-			
PUBLIC ISSUE	-	Rs.	NIL
RIGHTS ISSUE	-	Rs.	NIL
BONUS ISSUE	-	Rs.	NIL
PRIVATE PLACEMENT	-	Rs.	NIL
G.D.R. ISSUE	-	Rs.	NIL
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :-			
TOTAL LIABILITIES	-	Rs.	1,748,669,920.50
TOTAL ASSETS	-	Rs.	1,748,669,920.50
SOURCE OF FUNDS :-			
PAIDUP CAPITAL	-	Rs.	1,441,915,450.00
SHARE CAPITAL PENDING ALLOTMENT	-	Rs.	-
RESERVES & SURPLUS	-	Rs.	253,153,799.00
SECURED LOANS	-	Rs.	-
UNSECURED LOANS	-	Rs.	62,616.00
DEFERRED TAX Asset (Net)	-	Rs.	408,826.00
APPLICATION OF FUNDS :-			
NET FIXED ASSETS	-	Rs.	1,555,812,715.00
INVESTMENTS	-	Rs.	NIL
NET CURRENT ASSETS	-	Rs.	138,910,324.00
MISCELLANEOUS EXPENDITURE	-	Rs.	NIL
ACCUMULATED LOSS	-	Rs.	NIL
IV. PERFORMANCE OF COMPANY :-			
TURNOVER	-	Rs.	60,871,574.00
TOTAL EXPENDITURE	-	Rs.	47,061,887.50
PROFIT BEFORE TAX	-	Rs.	13,809,685.50
PROFIT AFTER TAX	-	Rs.	9,329,132.50
EARNINGS PER SHARE	-	Rs.	2.93
DIVIDEND RATE	-		NIL
V. GENERIC NAMES OF THE THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY :-			

Item	Code No. (ITC Code)	Product Description
		NIL

For and on Behalf of the Board  
**V.R.Venkataachalam**  
 Chairman

As per Our Report of even date  
 For **T.SELVARAJ & CO**  
**CHARTERED ACCOUNTANTS**  
 Firm Regn.No:003703S

**V.Rajasekaran**  
 Managing Director  
 Place : Chennai  
 Date : 01.09.2012

**T.SELVARAJ**  
 PARTNER  
 M.No:11370

# BINNY MILLS LIMITED

Registered Office: 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 Fifth Annual General Meeting of the company to be held on 29<sup>th</sup>  
September 2012 at 12 Noon and at any adjournment thereof.

Signed this ..... day of.....2012.

Folio No.....

No. of Shares held.....

Affix one  
Rupee  
Revenue  
Stamp

### 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

Registered Office: No.4, Karpagambai 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 5<sup>th</sup> Annual General Meeting at No.106, Armenian Street, Chennai-600001 on Saturday, the 29<sup>th</sup> September 2012 at 12 Noon.

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

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

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.