

BINNY MILLS LIMITED

INFORMATION MEMORANDUM

## BINNY MILLS LIMITED

A public limited company incorporated on 20<sup>th</sup> December 2007 under the Companies Act, 1956. It obtained a Certificate for Commencement of Business on 6<sup>th</sup> February 2008.

**Registered Office:**

TCP Sapthagiri Bhavan, No. 4, Karpagambal Nagar  
Mylapore, Chennai - 600 004

Tel : 91-44-2499 2115. Fax : 91-44-2499 1777

Website: [www.bmlindia.com](http://www.bmlindia.com) Email: [binnymills@bmlindia.com](mailto:binnymills@bmlindia.com)

Contact Person: Mr. V. Rajasekaran, Managing Director

**INFORMATION MEMORANDUM FOR LISTING OF 31,88,474  
EQUITY SHARES OF RS. 10/- EACH**

NO EQUITY SHARES OF BINNY MILLS LIMITED ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM FOR LISTING OF 31,88,474 EQUITY SHARES OF RS. 10/- EACH FULLY PAID UP ISSUED AND ALLOTTED TO THE SHAREHOLDERS OF BINNY LIMITED IN TERMS OF THE SCHEME OF ARRANGEMENT BETWEEN BINNY LIMITED AND BINNY MILLS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS SANCTIONED BY THE HON'BLE HIGH COURT OF MADRAS VIDE ITS ORDER DATED 22<sup>nd</sup> APRIL, 2010.

**GENERAL RISKS**

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the equity shares of BINNY MILLS LIMITED unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision to invest in the shares of BINNY MILLS LIMITED. For taking an investment decision, investors must rely on their own examination of the Company and the investment in the equity shares of BINNY MILLS LIMITED, including the risks involved. The equity shares of BINNY MILLS LIMITED have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors described from page No. 9 to 10 of this Information Memorandum.



#### ISSUER'S ABSOLUTE RESPONSIBILITY

BINNY MILLS LIMITED having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to BINNY MILLS LIMITED and the equity shares of BINNY MILLS LIMITED, which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions, expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The equity shares of BINNY MILLS LIMITED are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and Madras Stock Exchange Limited (MSE). The Company has submitted this Information Memorandum to BSE & MSE and the same has been made available on the Company's website viz. [www.bmlindia.com](http://www.bmlindia.com). This Information Memorandum would also be made available on the website of BSE ([www.bseindia.com](http://www.bseindia.com)).

#### SHARE TRANSFER AGENTS

Cameo Corporate Services Ltd.,  
No.1, Club House Road, Subramanian Building  
Chennai 600002.  
Tel: 91-44-2846 0390 (5 lines) Fax: 91-44-2846 0129  
Email: [cameo@cameoindia.com](mailto:cameo@cameoindia.com)  
Website: [www.cameoindia.com](http://www.cameoindia.com)



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## I. DEFINITIONS

Act	The Companies Act, 1956 (1 of 1956) and includes any statutory modification or re-enactment thereof for the time being in force
Agencies and Services Undertaking	The demerged company's undertaking, business, activities and operations pertaining to Trading of textiles & engineering products, Agencies, cold storage plants at Cochin and warehousing comprising all the assets (movable and immovable) and liabilities, which relate thereto or are necessary therefor.
Appointed Date	1 <sup>st</sup> January, 2010
Articles	Articles of Association of the Company
Audit committee	Committee constituted by the Board in compliance with Clause 49 of the Listing Agreement.
Board	Board of Directors of the Company
Certificate of Incorporation	Certificate dated 20 <sup>th</sup> December, 2007 received from the ROC
Certificate for Commencement of Business	Certificate dated 06 <sup>th</sup> February, 2008 received from the ROC
Company	Binny Mills Limited, a public limited company incorporated under the Act.
Demerger	The transfer of the Demerged Undertaking to the Company, in consideration of the issue and allotment of fully paid equity and preference shares by the Company to the shareholders of the Demerged Company in proportion to their respective shareholding in the Demerged Company as set out in Parts IV and VI hereof and in compliance with the provisions of Section 2(19AA) of the IT Act
Demerged Company	Binny Limited
Demerged Undertaking	The Agencies and Services business of Binny Limited, on a going concern basis and shall in relation thereto mean and include (without limitation) (i) All assets through which the Demerged Company carries on its business, activities and operations pertaining to the Agencies and Services Undertaking; (ii) All debts, liabilities, duties and obligations forming part of the Agencies and Services Undertaking as on the commencement of the Appointed Date including without limitation the debts, liabilities, duties and obligations as on the Balance Sheet Date, together with such other debts, liabilities, duties and obligations attributable to



	the Agencies and Services Undertaking between the Balance Sheet Date and the Appointed Date; (iii) All agreements, rights, contracts, entitlements, permits, licences, approvals, consents, engagements, arrangements and all other privileges and benefits of every kind, nature and description whatsoever relating to the Demerged Company's business, activities and operations pertaining to Agencies and Services Undertaking; (iv) All intellectual property rights, records, files, papers, data and documents relating to the Demerged Company's business, activities and operations pertaining to Agencies and Services Undertaking; and (v) All employees engaged in or relating to the Demerged Company's business, activities and operations pertaining to Agencies and Services Undertaking.
Directors	Directors on the Board and Director shall mean any one of them
Effective Date	The date on which the scheme became effective upon filing with the RoC, the approved scheme. i.e. 10 <sup>th</sup> May, 2010.
Equity Shares	Fully paid-up Equity Shares of Rs. 10/ each of the Company
Equity Shareholders	Equity Shareholders of the Company
Information Memorandum	This Information Memorandum filed with the Stock Exchanges
Investor Grievance Committee	Committee constituted by the Board in compliance with Clause 49 of the Listing Agreement
IT Act	Income Tax Act, 1961 and includes any statutory amendment or re-enactment thereof for the time being in force
Listing Agreements	The Agreements entered into by the Company with the Stock Exchanges
MOA	Memorandum of Association of the Company
Preference Shares	9.75% Cumulative Redeemable Preference Shares of Rs.5/- each and / or the 9% Cumulative Redeemable Preference Share of Rs. 5/- each, as the context may require.
Promoter	Mr. V. R. Venkataachalam, and such of his Relatives and entities owned and/or controlled by any or all of them
Record Date	28 <sup>th</sup> May, 2010, the date fixed by the Board of Directors of the Demerged Company for the purpose of determining the shareholders of the Demerged Company, to whom fully paid Equity Shares and Preference Shares will be issued and allotted pursuant to the Scheme



Register of Members	The statutory register of members maintained by the demerged Company in accordance with the provisions of the Act
Share Transfer Agent	Cameo Corporate Services Ltd., No.1, Club House Road, Subramanian Building, Chennai 600002.
Scheme	Scheme of Arrangement between BINNY Limited, SV Global Mill Limited and the Company and their respective shareholders and creditors as approved by the Hon'ble High Court of Madras on 22 <sup>nd</sup> April, 2010 and which became effective from the Effective Date i.e., on filing the Certified copy of the High Court Order with the ROC
SEBI Act	Securities and Exchange Board of India Act, 1992 includes any statutory amendment or re-enactment thereof for the time being in force
SEBI Guidelines	Existing Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Stock Exchange	BSE or MSE and Stock Exchanges shall mean BSE and MSE
Transfer Amount	The price per equity share of the Company or the Demerged Company, as the case may be, on a recognized Stock Exchange where the shares of the Company and of the Demerged Company are listed on the day on which the transfer is made in accordance with applicable regulations
Transferred Liabilities	1. The liabilities which arose out of the activities or operation of the Demerged Undertaking; and 2. Such of the general or multipurpose borrowings of the Demerged Company as are identified by the Board of the Demerged Company and relating to the activities or operations of the Demerged Undertaking which in the aggregate stand in the same proportion as far as is practicable in which the value of the assets transferred to the Resulting Company bear to the assets of the Demerged Company on the Appointed Date
Whole-time Director	A Director in the whole-time employment of the Company.



## ABBREVIATIONS

BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIN	Corporate Identity Number
DIN	Director Identity Number
DR	Depository Receipts
DSE	Designated Stock Exchange
EPS	Earnings per Share
MSE	Madras Stock Exchange Limited
NA	Not Applicable
NSDL	National Securities Depository Limited
ROC	Registrar of Companies, Chennai, Tamil Nadu
SEBI	Securities and Exchange Board of India

In the Information Memorandum all reference to one gender also refers to the other gender and the word "lakh" or "lac" means "one hundred thousand" and the word "million" means "ten lacs" and the word "Crore" means "ten million".

### **Certain conventions; Use of Market data:**

Unless stated otherwise, the financial data in the Information Memorandum is derived from the Company's restated financial statements pursuant to the Scheme. The fiscal year commences on April 1 and ends on March 31 of each year, so all references to a particular "fiscal year" are to the twelve-month period ended March 31 of that year. In the Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off of such amounts.

All references to "India" contained in the Information Memorandum are to the Republic of India. All references to "Rupees" or "Rs." are to Indian rupees, the official currency of India.

For additional definitions, please see the Section titled "Definitions/Abbreviations" of the Information Memorandum.

Unless stated otherwise, industry data used in the Information Memorandum has been obtained from the published data and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured.



Although the Company believes that industry data used in the Information Memorandum is reliable, it has not been independently verified.

The information included in the Information Memorandum about various other companies is based on their respective audited annual reports for the latest financial years and information made available by the respective companies.

**Forward-looking statements:**

Statements in the Information Memorandum which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" "will help", "will develop", "will be sustained" and similar expressions or variations of such expressions, are "forward looking statements". Similarly, statements that describe the Company's objectives, plans or goals also are forward-looking statements, actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company's expectations with respect to, but not limited to:

- General economic and business conditions in India and other countries;
- Regulatory changes and the Company's ability to respond to them;
- Ability to successfully implement the Company's strategy, growth and expansion plans;
- Ability to meet the Company's capital expenditure requirements;
- Technological changes;
- Exposure to market risks, general economic and political conditions in India which have an impact on the Company's business activities or investments;
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.
- Fluctuations in operating costs;
- The Company's ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in countries that the Company may enter, and
- Any adverse outcome in the legal proceedings in which the Company is involved.

For further discussion of factors that could cause the Company's actual results to differ, see the Section titled "Risk Factors", "The Company's Business", "Management's Discussion and Analysis" beginning on page No. 46 to 51 of this



Information Memorandum respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

The Company does not have any obligation to, and does not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not materialize. In accordance with SEBI requirements, the Company will ensure that investors are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## II. RISK FACTORS AND MANAGEMENT PERCEPTIONS THEREOF

An investment in equity shares involves a high degree of risk.

Investors should carefully consider all of the information in the Information Memorandum, including the risks and uncertainties described below, before making an investment in the Equity Shares. Occurrence of any of the following risks as well as the other risks and uncertainties discussed in the Information Memorandum could have a material adverse effect on the Company's business, financial condition and results of operations and could cause the trading price of the Company's Equity Shares to decline, which could result in loss to the investor.

The investor(s) should consider the following risk factors carefully in evaluating the Company and its business before making any investment decision.

### Internal Risks:

- The Company's ability to generate revenues and pay dividends is dependent on a number of factors and may vary significantly from quarter to quarter.
- The Company's growth depends on acquiring new customers apart from increasing business from existing customers.
- The Company operates in a highly competitive environment and this competitive pressure on the business is likely to continue. This competition may adversely affect the Company's business and operations materially in the future.
- The Company's success depends largely upon its senior management and key personnel and the Company's ability to attract and retain them.
- The Company's cost of acquiring products for its trading business and for maintenance of its cold storage plants and warehouses may increase and



this could adversely affect its results of operation, if the customers of the Company do not compensate the Company for such increases.

- The Company is subject to regulation by central, state and local governments / bodies, which may impose costs and restrictions. The Government may consider new legislative requirements, which potentially can affect the Company's businesses. The results of these legislative, judicial and administrative actions may materially affect the business operations.
- The Company may face increased competition because of technological advances and new regulatory requirements, which could adversely affect the results of operations in future.
- The Company may be involved in various litigation matters, including those arising in the ordinary course of business. While the Company does not believe that any of these litigation matters alone or in the aggregate will have a material adverse effect on the financial position, an adverse outcome in one or more of these matters could be material to the results of operations for any one period.
- The Company may be exposed to interest rate fluctuations.

#### External Risks:

- Vulnerability to business cycles could affect the Company's capacity to sustain a growth in income, profits and shareholders' value.
- Terrorist attacks and other acts of violence or war, including those involving India or other countries could adversely affect operations of the Company resulting in a loss of business confidence.
- There has been no public market for the Equity Shares till now. The prices of the Equity Shares may fluctuate after listing due to a wide variety of factors, including volatility in the Indian and global securities markets; the Company's operational performance, financial results and capacity expansion; developments in India's economic liberalization and deregulation policies, particularly in the sectors in which the Company operates; and changes in Indian laws and regulations impacting the Company's business. There is no assurance that an active trading market for the Equity Shares will develop or be sustained after listing.
- This Section should also be read in conjunction with the Section titled "Outstanding Litigation and Material Developments".



### III. INTRODUCTION

*This is only a summary. Investors should read the following summary with the Risk Factors mentioned and the more detailed information about the Company and the Company's financial statements included elsewhere in the Information Memorandum.*

#### **General Information:**

##### **Brief particulars of the Company:**

The Company was incorporated on 20<sup>th</sup> December 2007 under the Companies Act, 1956. It obtained a Certificate for Commencement of business on 06<sup>th</sup> February 2008. The Registration Number of the Company is U17120TN2007PLC065807.

##### **Registered Office:**

TCP, Sapthagiri Bhavan, No. 4, Karpagambal Nagar  
Mylapore, Chennai - 600 004  
Tel : 91-44-2499 2115 Fax : 91-44-2499 1777  
Website: [www.bmlindia.com](http://www.bmlindia.com) Email: [binnymills@bmlindia.com](mailto:binnymills@bmlindia.com)

##### **Address of the Registrar of Companies:**

The Registrar of Companies  
Block No.6, B Wing, II Floor  
Shastri Bhawan,  
26 Haddows Road, Chennai  
Tamil Nadu - 600 006.  
Phone: 044-28277182/28272676 Fax: 044-28234298  
Email: [roc.chennai@mca.gov.in](mailto:roc.chennai@mca.gov.in)

##### **Board:**

The Board consists of Mr. VR Venkataachalam Chairman, Mr. V Rajasekaran Managing Director, Mr. V Sengutuvan, Mr. S Varadharajan and Mr. S. Natarajan Independent Directors.

Brief particulars of the Directors are given separately.

##### **Auditors:**

T. Selvaraj & Co.,  
Chartered Accountants,  
No.32, Dewan Rama Road,  
Purasawalkam, Chennai 600 084.  
Tel No: 91-44 - 2642 8861, 4207 5569  
Fax No:91-44 - 2642 8861  
E-mail : [tstrandco@gmail.com](mailto:tstrandco@gmail.com) website: [tsr-co@eth.net](http://tsr-co@eth.net)



**Share Transfer Agent:**

Cameo Corporate Services Ltd.,  
No.1, Club House Road, Subramanian Building,  
Chennai 600 002.  
Tel: 91-44-28460390 Fax: 91-44-28460129  
Email: [cameo@cameoindia.com](mailto:cameo@cameoindia.com)

**Bankers to the Company:**

Indian Bank,  
East Abhiramapuram Branch,  
No.48, Luz Church Road, East Abhiramapuram,  
Chennai 600 004.

**Compliance Officer:**

Mr. V. Rajasekaran, Director  
Plot No.449, 4th Sector, 18th Street, K.K. Nagar,  
Chennai 600 078.

**Company Secretary**

The paid up share capital of the Company at present is less than Rs. 5 Crores and as per the Act, appointment of a Company Secretary is not required and accordingly the Company does not have a Company Secretary at present. However, a Company Secretary would be appointed within a short span of time.

**Legal Advisors:**

Mr. T.K. Seshadri  
Mr. T.K. Baskar.  
Lloyds Road, Chennai - 600 014.



#### IV. CAPITAL STRUCTURE

##### A. Pre Scheme:

The Company was incorporated with an authorized share capital of Rs. 10 Lacs divided into 1,00,000 Equity Shares of Rs. 10/- each. The signatories to the MOA and Articles subscribed 50,000 Equity Shares of Rs.10/- each for cash at par aggregating to Rs.5 Lacs on 10<sup>th</sup> December 2007.

Particulars	(Amount in Rs.)
<b>Authorised Share Capital:</b>	
1,00,000 Equity Shares of Rs.10/- each	10,00,000
<b>Total</b>	<b>10,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital:</b>	
50,000 Equity Shares of Rs.10/- each	5,00,000
<b>Total</b>	<b>5,00,000</b>



**B. Post Scheme:**

In terms of the Scheme the Authorised Capital of the Company has increased from Rs.10,00,000/- (Rupees ten lakhs only) divided into 1,00,000 Equity Shares of Rs.10/- each to Rs.144,25,00,000/- (Rupees One hundred forty four Crores and twenty five lakhs only) divided into 32,00,000 Equity Shares of Rs.10/- each and 6,00,000 9.75% Cumulative Redeemable Preference Shares of Rs.5/- each and 28,15,00,000 9% Cumulative Redeemable Preference Shares of Rs.5/- each.

In terms of the said Scheme, the Company has also issued and allotted on 2<sup>nd</sup> June, 2010 31,88,474 Equity Shares of Rs.10/- each fully paid-up and 5,88,000 9.75% Cumulative Redeemable Preference Shares of Rs.5/- each fully paid-up and 28,14,18,142 9% Cumulative Redeemable Preference Shares of Rs.5/- each fully paid-up.

Particulars	Amount (in Rs.)
<b>Authorised Share Capital</b>	
32,00,000 Equity Shares of Rs.10/- each	3,20,00,000
6,00,000 9.75% Cumulative Redeemable Preference Shares of Rs.5/- each	30,00,000
28,15,00,000 9% Cumulative Redeemable Preference Shares of Rs.5/- each.	1,40,75,00,000
<b>Total</b>	<b>1,44,25,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
31,88,474 Equity Shares of Rs.10/- each	3,18,84,740
5,88,000 9.75% Cumulative Redeemable Preference Shares of Rs.5/- each	29,40,000
28,14,18,142 9% Cumulative Redeemable Preference Shares of Rs.5/- each.	1,40,70,90,710
<b>Total</b>	<b>1,44,19,15,450</b>



**SHAREHOLDING PATTERN:  
PRE ARRANGEMENT:**

**1.A. Statement showing Shareholding Pattern as on September 30, 2009**

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHAREHOLDERS	TOTAL NUMBER OF SHARES	NO OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES	
					AS a PERCENTAGE of (A+B)	As a PERCENTAGE of (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>					
(1)	INDIAN					
(a)	Individual /HUF	7	50,000	-	100.00	100.00
	Central Government/State Government(s)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-
(d)	Others	-	-	-	-	-
	<b>Sub-Total A(1) :</b>	<b>7</b>	<b>50,000</b>	<b>-</b>	<b>100.00</b>	<b>100.00</b>
(2)	FOREIGN					
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Others	-	-	-	-	-
	<b>Sub-Total A(2) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total A=A(1)+A(2)</b>	<b>7</b>	<b>50,000</b>	<b>-</b>	<b>100.00</b>	<b>100.00</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>					
(1)	INSTITUTIONS					
(a)	Mutual Funds /UTI	-	-	-	-	-
(b)	Financial Institutions /Banks	-	-	-	-	-
	Central Government / State Government(s)	-	-	-	-	-
(c)	Venture Capital Funds	-	-	-	-	-
(d)	Insurance Companies	-	-	-	-	-
(e)	Foreign Institutional Investors	-	-	-	-	-
(f)	Foreign Venture Capital Investors	-	-	-	-	-
(g)	Others	-	-	-	-	-
	<b>Sub-Total B(1) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
(2)	NON-INSTITUTIONS					
(a)	Bodies Corporate	-	-	-	-	-
(b)	Individuals					
	(i) Individuals holding nominal share capital upto Rs.1 lakh	-	-	-	-	-
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-
(c)	Others	-	-	-	-	-
	<b>OVERSEAS CORPORATE BODIES</b>					
	<b>NON RESIDENT INDIANS</b>					
	<b>CLEARING MEMBERS</b>					
	<b>Sub-Total B(2) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total B=B(1)+B(2) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (A+B) :</b>	<b>7</b>	<b>50,000</b>	<b>-</b>	<b>100.00</b>	<b>100.00</b>
(C)	Shares held by custodians, against which Depository Receipts have been issued					
	<b>GRAND TOTAL (A+B+C) :</b>	<b>7</b>	<b>50,000</b>	<b>-</b>	<b>100.00</b>	<b>100.00</b>



1 B. Statement showing shareholding of persons belonging to "PROMOTER GROUP"

Sl. No.	Name of the shareholder	Total shares held	
		Total shares	As a % of Grand Total (A) + (B) +(C) as indicated in Para 1A above
1.	Mr. V R Venkataachalam	16,000	32.00
2.	Mrs. Radha Venkataachalam	16,000	32.00
3.	Mr. V Sengutuvan	16,000	32.00
4.	Mr. V Rajasekaran	500	1.00
5.	Mr. D Prasannamoorthy	500	1.00
6.	Mr. S Varatharajan	500	1.00
7.	Mr. M Balaganesh	500	1.00
		50,000	100.00

1C. Statement showing shareholding of persons belonging to "Public Group" holding >1% of the total number of shares.

Not applicable.

1D. Statement showing details of locked-in shares

Not applicable.

2A. Statement showing details of DRs.

Not applicable.

2B. Statement showing details of DRs where underlying equity shares are in excess of 1% of the total number of equity shares.

Not applicable.



POST ARRANGEMENT

1A. Statement showing shareholding pattern as on: 02.06.2010

(I)	(II) Category of Share holder	(III) No. of Holders	(IV) Total No. of Shares	(V) Shares in Demat	Total shareholding as a % of total No. of shares		Shares pledged or Otherwise encumbered	
					(VI) As a % of (a+b)	(VII) As a % of (a+b+c)	(VIII) No. of shares	(IX) As a % (viii)/(iv) *100
A.	PROMOTER AND PROMOTER GROUP							
1	INDIAN							
a.	INDIVIDUALS / HUF	5	578504	0	18.14	18.14	0	0
b.	CENTRAL / STATE GOVT	0	0	0	0	0	0	0
c.	BODIES CORPORATE	6	526347	0	16.51	16.51	0	0
d.	FIs / Banks	0	0	0	0	0	0	0
e.	ANY OTHER							
	<b>SUB - TOTAL (A)(1)</b>	<b>11</b>	<b>1104851</b>	<b>0</b>	<b>34.65</b>	<b>34.65</b>	<b>0</b>	<b>0</b>
2	FOREIGN							
a.	INDIVIDUALS (NRIs / Foreign Individuals	0	0	0	0	0	0	0
b.	BODIES CORPORATE	0	0	0	0	0	0	0
c.	INSTITUTIONS	0	0	0	0	0	0	0
d.	ANY OTHER							
	<b>SUB - TOTAL (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A) = (A)(1)+(A)(2)</b>	<b>11</b>	<b>1104851</b>	<b>0</b>	<b>34.65</b>	<b>34.65</b>	<b>0</b>	<b>0</b>
B.	PUBLIC SHAREHOLDING							
1	INSTITUTIONS							
a.	MUTUAL FUNDS/UTI	0	0	0	0	0	NA	NA
b.	FIs / BANKS	16	228486	226884	7.17	7.17	NA	NA
c.	CENTRAL / STATE GOVERNMENT/	4	52654	0	1.65	1.65	NA	NA
d.	VENTURE CAPITAL FUNDS	0	0	0	0	0	NA	NA
e.	INSURANCE COMPANIES	4	30733	30733	0.96	0.96	NA	NA
f.	FIs	0	0	0	0	0	NA	NA
g.	FOREIGN VENTURE CAPITAL INVESTORS	0	0	0	0	0	NA	NA



h.	ANY OTHER							
	<b>SUB - TOTAL (B)(1)</b>	<b>24</b>	<b>311873</b>	<b>257617</b>	<b>9.78</b>	<b>9.78</b>	<b>NA</b>	<b>NA</b>
2	NON-INSTITUTIONS							
a.	BODIES CORPORATE	160	269771	9584	8.46	8.46	NA	NA
b.	INDIVIDUALS -							
	INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH							
I		8753	265188	41300	8.32	8.32	NA	NA
	INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH							
II		12	1231746	0	38.63	38.63	NA	NA
c.	ANY OTHER							
	CLEARING MEMBERS	6	227	227	0.01	0.01	NA	NA
	HINDU UNDIVIDED FAMILIES	9	444	444	0.01	0.01	NA	NA
	NON RESIDENT INDIANS	47	4374	2119	0.14	0.14	NA	NA
		62	5045	2790	0.16	0.16	NA	NA
	<b>SUB - TOTAL (B)(2)</b>	<b>8987</b>	<b>1771750</b>	<b>53674</b>	<b>55.57</b>	<b>55.57</b>	<b>NA</b>	<b>NA</b>
	<b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2)</b>	<b>9011</b>	<b>2083623</b>	<b>311291</b>	<b>65.35</b>	<b>65.35</b>	<b>NA</b>	<b>NA</b>
	<b>TOTAL (A)+(B)</b>	<b>9022</b>	<b>3188474</b>	<b>311291</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0</b>
C	SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED	0	0	0	0	0	NA	NA
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>9022</b>	<b>3188474</b>	<b>311291</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0</b>



**1 B. Statement showing shareholding of persons belonging to "PROMOTER and PROMOTER GROUP COMPANIES"**

Sl. No.	Name of the shareholder	Total shares held	
		Total shares	As a % of Grand Total (A) + (B) +(C) as indicated in Para 1A above
1.	Tamilnadu Chemical Products ltd	3,714	0.116
2.	Andal R	5,785	0.181
3.	Twentieth Century APCO Leasing Pvt Ltd	41,205	1.292
4.	Mrs. Radha Venkataachalam	48,000	1.505
5.	Rajalakshmi N	82,571	2.589
6.	Mr. V R Venkataachalam	1,09,317	3.428
7.	Calcom Credit & Holdings(P)LTD	1,20,000	3.763
8.	Rajat Chakra Credit& Holdings[P]LTD	1,20,000	3.763
9.	Satlaj Credit & Holdings(P)LTD	1,20,000	3.763
10.	Sheetala Credit & Holdings(P)LTD	1,21,428	3.808
11.	Ramasamy Udayar N P V	3,32,831	10.438
	<b>Total</b>	<b>11,04,851</b>	<b>34.650</b>

**1 C. Statement showing shareholding of persons belonging to "PUBLIC GROUP" holding >1% of the total number of shares**

Sl. No.	Name of the shareholder	No. of shares	As a % of Grand Total (A)+(B)+(C) indicated in Paragraph 1A above
1.	State Bank of India	1,38,714	4.35
2.	Life Insurance Corporation of India	88,170	2.77
3.	Governor of Tamil Nadu	48,705	1.53
4.	Dr. Sadayavel Kailasam	62,285	1.95
5.	Mr. R. Sririvasan	62,285	1.95
6.	Mr. J. Sakthivel	33,714	1.06
	<b>Total</b>	<b>4,33,873</b>	<b>13.61</b>

**1 D. Statement showing details of Locked-in Equity Shares**

SL.NO	NAME OF THE SHAREHOLDER	CAT. CODE	NO OF SHARES	PERCENTAGE
	NOT APPLICABLE			
	<b>TOTAL :</b>			



**2A: Statement showing details of DRs**

Sl NO	Type of Outstanding DRs (ADRs, GDRs, SDRs, etc.	No. of Equity Shares	No. of Equity Shares Underlying Outstanding DRs	Equity Shares Underlying Outstanding DRs as a % of total no. of Equity Shares (Grand Total (A+B+C) indicated in Statement 1A above
NOT APPLICABLE				
TOTAL :		-		-

**2B: Statement showing details of DRs where underlying equity shares are in excess of 1% of the total number of Equity Shares**

Sl NO	Name of DRs Holder	Type of Outstanding DRs (ADRs, GDRs, SDRs, etc.	No. of Equity Shares	No. of Equity Shares Underlying Outstanding DRs	Equity Shares Underlying Outstanding DRs as a % of total no. of Equity Shares (Grand Total (A+B+C) indicated in Statement 1A above
NOT APPLICABLE					
TOTAL :		TOTAL :	-		-

Details of Top Ten Shareholders after the date of allotment to the date of filing this Information Memorandum are as follows:

S. No	Name	No. of Shares	% of total No. of Share Capital
1.	Dr. Sadayavel Kailasam	62,285	1.9534
2.	R Srinivasan	62,285	1.9534
3.	J Sakthivel	33,714	1.0573
4.	R Appaji	14,285	0.4480
5.	VN Munusamy	14,285	0.4480
6.	Madhusudan Dattatraya Marathe	8,878	0.2784
7.	J Sakthivel	7,142	0.2239
8.	Sanjiv Kirtikumar Sanghvi	1,807	0.0566
9.	Dipak Raj Sood	1,564	0.0490
10.	Lalitha Mahalingam	1,500	0.0470
Total		2,07,745	06.515

**3A. Statement showing Details of Preference Shares**

**9.75% CUMULATIVE REDEEMABLE PREFERENCE SHARES**

Sl. No.	Shareholder	No. of shares	% of holding
1.	M/s TCP Limited	2,94,000	50.00
2.	M/s Mohan Breweries & Distilleries Ltd	2,94,000	50.00
Total		5,88,000	100.00



9% CUMULATIVE REDEEMABLE PREFERENCE SHARES

Sl. No.	Shareholder	No. of shares	% of holding
1.	M/s TCP Limited	13,68,00,125	48.61000%
2.	M/s Mohan Breweries & Distilleries Ltd	12,20,50,992	43.37000%
3.	M/s Thirumagal Mills Limited	1,24,46,161	4.42000%
4.	M/s Thiruvalluvar Textiles Pvt Limited	1,00,20,864	3.56000%
5.	Mr. V R Venkataachalam	32,000	0.01140%
6.	Mrs. Radha Venkataachalam	32,000	0.01140%
7.	Mr. V Sengutuvan	32,000	0.01140%
8.	Mr. V Rajasekaran	1,000	0.00036%
9.	Mr. D Prasannamoorthy	1,000	0.00036%
10.	Mr. S Varatharajan	1,000	0.00036%
11.	Mr. M Balaganesh	1,000	0.00036%
		28,14,18,142	100.00%

Notes:

- As on date of the Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
- There will be no further issue of capital by the Company whether by way of issue of bonus shares, preferential allotment of shares and by way of a rights issue or in any other manner during the period commencing from the date of sanction of the Scheme by the Hon'ble High Court of Madras till listing of the Equity Shares as per the Scheme.
- The face value of the Equity Shares is Rs. 10/- and there shall be only one denomination for the Equity Shares, subject to applicable regulations and the Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.
- The Company has 9,022 members as on the date of filing the Information Memorandum.
- As per the Scheme, the initial (i.e. Pre-arrangement) Issued and Paid-up Equity share capital comprising of 50,000 Equity shares of Rs. 10/- each fully paid-up aggregating to Rs. 5 Lakhs shall be converted into 1,00,000 9% Cumulative Redeemable Preference Shares of Rs. 5/- each aggregating to Rs. 5 Lakhs.



## V. OBJECTS OF THE SCHEME

Binny Limited (Binny) was formed in the year 1969 by amalgamation of The Buckingham & Carnatic Company Limited, Madras, The Bangalore Woollen, Cotton & Silk Mills Company Limited, Bangalore, Madura Company Private Limited, Cochin, The Ganges Transport & Trading Company Limited, Calcutta, Binny & Company Limited, Madras and Binny's Engineering Works Limited, Madras. Ever since the amalgamation, Binny has been incurring losses due to obsolete machinery, continuous labour issues, excessive labour force and heavy interest burden. In spite of various difficulties, the present management took over the management of the company in 1987. Binny was declared as a sick unit by the Board for Industrial and Financial Reconstruction ("BIFR") in 1993.

Binny came out of the purview of the BIFR by the order of the Hon'ble High Court of Madras dated 7<sup>th</sup> August, 2008.

Binny, at its Board meeting held on 30<sup>th</sup> October, 2008, approved a detailed business plan for the development of its engineering, properties, textiles, agencies & warehousing businesses. The Board also took note that each business has good potential for growth and profitability and are at a stage where they require focused leadership and management attention. The nature of risk and competition involved in each of these businesses is distinct from others and consequently each of the business is capable of attracting different set of investors, strategic partners, lenders and other stakeholders. There are also differences in the manner in which each of these businesses are required to be managed. In order to enable distinct focus in the specific lines of businesses, attract capital and investors to invest in some of the key businesses and to lend greater focus to the operation of each of its diverse businesses, Binny re-organized and segregated by way of a demerger, its business and undertakings engaged in Development of Properties and its Agencies and Services Undertaking consisting of Trading of textiles & engineering products, Agencies, cold storage plants at Cochin and warehousing.

Binny Mills Limited (Binny Mills) was incorporated on 20<sup>th</sup> December 2007 with an initial authorized capital of Rs. 10,00,000/- consisting of 1,00,000 equity shares of Rs. 10/- each and paid up equity share capital of Rs. 5,00,000/-, which was entirely contributed by the promoter group of Mr. V R Venkataachalam.

The Agencies and Services Undertaking of Binny Limited was demerged to the Company by the Scheme under Sections 391 to 394 of the Act. The Equity Shareholders of the company and the Equity shareholders of Binny Limited approved the Scheme at their respective meeting. The Hon'ble High Court of Madras approved the Scheme vide its order dated 22<sup>nd</sup> April, 2010.



The public shareholders of Binny Limited, apart from continuing as shareholders of Binny would also become the shareholders of the Company and are now the Equity Shareholders.

## VI. SALIENT FEATURES OF THE SCHEME

The Demerged undertaking was transferred to and vested in the Company with effect from the Appointed Date in terms of the Scheme.

The Appointed Date is 1<sup>st</sup> January, 2010.

Each member of the Demerged Company, viz. M/s Binny Limited, whose name is recorded in the register of members of the Demerged Company on the Record Date have been allotted shares in the Company in the following manner -

- i) 1 (one) equity share in the Resulting Company 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
- ii) 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
- iii) 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

The New Equity Shares and New Preference Shares issued and allotted by the Company in terms of the Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall inter-se rank *pari-passu* in all respects with the existing shares of the Company.

## VII. STATEMENT OF POSSIBLE TAX BENEFITS

Based on the understanding of current laws applicable, the following tax benefits shall be available to the Company and the Equity Shareholders / prospective Equity Shareholders under the current direct tax laws.



A. Under the Income Tax Act, 1961

I. Benefits available to the Company:

The Company will be entitled to deduction, under the Sections mentioned hereunder, from its total income chargeable to Income Tax. Subject to fulfillment of conditions, the Company will be eligible, inter alia, for the following specified deductions in computing its business income:-

1. Subject to compliance with certain conditions laid down in Section 32 of the IT Act, the company will be entitled to deduction for depreciation:
  - a. In respect of tangible assets and intangible assets in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under the Income Tax Rules, 1962;
  - b. In respect of specified new plant and machinery which has been acquired and installed after 31<sup>st</sup> March, 2005 for manufacturing facilities an additional depreciation u/s 32(1)(ii a) at 20% of the actual cost of such plant and machinery in the year in which the new plant and machinery is first put to use.
2. In accordance with and subject to the provisions of Section 35 of the IT Act, the Company would be entitled to deduction in respect of expenditure laid out or expended on scientific research related to the business and on any amount paid to any scientific research association which has as its object the undertaking of scientific research or to a university, college or other institution to be used for scientific research.
3. In accordance with the provisions of Section 35DD of the IT Act, expenditure incurred wholly or exclusively for the purpose of amalgamation or demerger of an undertaking, after 1st April 1999 the Company shall be allowed a deduction of an amount equal to one fifth of such expenses for each of the five consecutive previous years beginning with the previous year in which the amalgamation or demerger takes place.
4. As per the provisions of Section 35DDA of the I T Act, any expenditure incurred in any previous year by way of payment of any sum to an employee in connection with his voluntary retirement, in accordance with any scheme or schemes of voluntary retirement, 1/5th of the amount so paid shall be deducted in computing the profits and gains of the business



for that previous year, and the balance shall be deducted in equal installments for each of the four immediately succeeding previous years.

5. Under Section 115JAA(1A) of the IT Act, where any amount of tax is paid under sub-Section (1) of Section 115JB, by an assessee, being a Company, for the assessment year commencing on the 1st day of April 2006, and any subsequent assessment year, then, credit in respect of tax so paid shall be allowed to the company in accordance with the provisions of this Section. The tax credit to be allowed under sub-Section (1A) shall be the difference of the tax paid for any assessment year under sub-Section (1) of Section 115 JB and the amount of tax payable by the assessee on his total income computed in accordance with the other provisions of this Act. Such MAT credit is allowed to be carried forward for set off purposes for up to 7 years succeeding the year in which the tax was paid under MAT.

## II. Benefits available to resident shareholders

1. Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O of the IT Act received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. (a) The long-term Capital Gains accruing to the members of the Company on sale of the Company's shares in a transaction entered into in a recognized stock exchange in India, and where such transaction is chargeable to Securities Transaction Tax, shall be exempt from tax as per provisions of Section 10(38) of the IT Act.  
(b) The short-term Capital Gains accruing to the members of the Company on sale of the Company's shares in a transaction entered into in a recognized stock exchange in India, and where such transaction is chargeable to Securities Transaction Tax, tax will be chargeable @ 15% plus applicable surcharge and education cess as per provisions of Section 111A of the IT Act.  
(c) As per the provisions of Section 74 of the IT Act, any short-term capital losses suffered by the members of the Company on transfer of shares can be set off against the short-term/long-term Capital Gain earned in that year and in the case of long-term Capital Loss it can be set-off against long-term Capital Gains earned in that year. If the loss cannot be wholly set-off the amount of loss not so set-off can be carried forward to the following eight assessment years immediately succeeding the assessment year in which the loss was first incurred, subject to the fulfillment of conditions specified in the Section.  
(d) As per the provisions of Section 112 of the IT Act, long term gains accruing to the members of the Company from the transfer of shares of the Company, which have not suffered Securities



Transaction Tax shall be charged to tax @ 20% (plus applicable surcharge and education cess) after deducting from the sale proceeds the indexed cost of acquisition or at 10% (plus applicable surcharge and education cess) after deducting from the sale proceeds the cost of acquisition without indexation.

(e) The members are entitled to claim exemption in respect of tax on long term capital gains under Section 54EC of the IT Act, if the amount of capital gains is invested in certain specified bonds / securities subject to the fulfillment of the conditions specified in those Sections.

(f) Individuals or HUF members can avail exemption under Section 54F of the IT Act by utilization of the sales consideration for purchase / construction of a residential house within the specified time period and subject to the fulfillment of the conditions specified therein.

3. Under Section 36(xv) of the IT Act, the assessee can claim deduction of an amount equal to the Securities Transaction Tax paid by the assessee in respect of taxable securities transactions entered into in the course of his business during the previous year, if the income arising from such taxable securities transaction is included in the income computed under the head "Profits and gains of Business or Profession".

### III. Benefits available to Non-Resident shareholders

1. Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the IT Act.

2. Under the provisions of Section 90(2) of the IT Act, if the provisions of the Double Taxation Avoidance Agreement (DTAA) between India and the country of residence of the non-resident are more beneficial, then the provisions of the DTAA shall be applicable.

a. Non Resident Indians (as defined in Section 115C (e) of the IT Act), being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the IT Act, which *inter-alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange. As per the provisions of Section 115 E of the IT Act, and subject to the conditions specified therein, long-term capital gains arising on the transfer of Company's shares will be charged to income Tax @ 10% (plus applicable surcharge and education cess). However, long-term Capital Gains accruing to the members of the Company on sale of the Company's shares in a transaction entered into in a



recognized stock exchange in India, and where such transaction is chargeable to Securities Transaction Tax, shall be exempt from tax as per provisions of Section 10(38) of the IT Act.

3. (a) As per the provisions of Section 115G of the IT Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is eligible investment income or long term capital gains, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- (b) Under Section 115H of the IT Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the IT Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until transfer or conversion of such assets into money.
- (c) As per the provisions of Section 115-I of the IT Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.
- (d) As per the provisions of Section 115F of the IT Act and subject to the fulfillment of the conditions specified therein, the Long Term Capital Gains arising on the transfer of Company's shares shall be exempted from income tax entirely / proportionately if all or a portion of the net consideration is invested within 6 months of the date of transfer in specified asset as defined in Section 115C (f) or any savings certificates referred to in Section 10(4B) of the IT Act. The amount so exempted shall, however, be chargeable to tax as long term capital gains under the provisions of Section 115F (2) if the specified assets are transferred or converted in to money within 3 years from the date of acquisition as specified in the said Section.

#### IV. Benefits available to FII's

1. As per Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1st April 2003 by the Company) received on the shares of the Company is exempt from tax.



2. The long-term Capital Gains accruing to the members of the Company on sale of the Company's shares in a transaction entered into in a recognized stock exchange in India, and where such transaction is chargeable to Securities Transaction Tax, shall be exempt from tax as per provisions of Section 10(38) of the IT Act.

3. The tax rates and consequent taxation mentioned above will be further subject to

4. Any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of Section 90(2)

5. Of the IT Act, the provisions of the IT Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

#### B. Benefits available under the Wealth-tax Act, 1957

Shares of company held by the shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957. Hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the company.

#### C. Benefits available under The Gift Tax Act, 1958

Gift Tax is not leviable in respect of any gifts made on or after 1<sup>st</sup> October, 1998. Therefore, any gift of shares of the company will not attract gift tax.

#### Notes:

1. All the aforesaid tax benefits available to the company and to the shareholders are under the current tax laws presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Shareholders are advised to consider in their own cases, the tax implications of any new enactments which may change / modify the law.

2. In view of the nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her tax advisor with respect to specific tax consequences.

3. All the above benefits will be available only to the first named holder in case of the shares held by joint holders.

### VIII. ABOUT THE COMPANY

#### Industry Overview:

#### Textile Industry

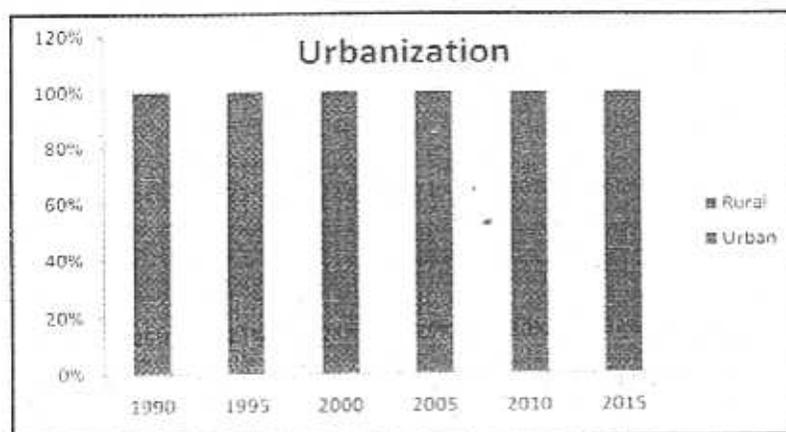


Global textile and apparel industry is estimated around US\$ 550 billion and is expected to reach around US\$ 700bn by 2010 and US\$ 805bn by 2015 at a CAGR of 7% (FY09-15E). Indian textile and apparel industry is estimated around US\$ 61billion and is estimated to reach around US\$ 110billion by 2012, a 22 % CAGR (FY09-12E). India's strong fundamentals like growing young population, rapid urbanization, rising disposable incomes and the inception and success of organized retailing are expected to boost the local demand. Domestic market is projected to increase from US\$ 40billion in FY09 to US\$ 60 billion by 2012 at CAGR of 15%. Textile exports are expected to grow at a CAGR of 34% during FY09-12E (from US\$ 21 billion to US\$ 50 billion). During the FY09 readymade garments constitute 49% of total Indian textile exports. (Source: Prabhudas Lilladher)

Indian textile industry contributes about 14% to nation's industrial production, 4% to the nation's GDP and 16.63% to export earnings. The biggest employment generator after agriculture sector and is expected to generate 12 million new jobs by 2010. The sector targets US\$ 6bn FDI by 2015 to be invested in green field units in textiles machinery, fabric and garment manufacturing, as well as technical textiles. (Source: www.ibef.org)

#### Growth Drivers:

- > **Rising Income Level:** Income levels in India have seen a marked increase in the past few years. As income levels continue to rise, though possibly at a slower pace versus the past few years, this should give consumers more means to go out and spend their disposable income. Household income is expected to grow by 40-45% by 2012 over 2007 levels, leading to a rise in disposable income. (Source: Nomura Research)
- > **Increased Urbanization:** According to UN Population Division, India's urban population is projected to rise from 29% of total population in 2005 to 41% by 2030. The annual population growth in India's rural areas has been declining since reaching a peak of 1.9% during 1980-85. It will record declining growth rate by 2025. In comparison, the urban growth rate reached a peak of 3.9 percent during 1975-80 and has been declining since, yet will remain above two percent till 2040. (Source: Nirnal bang Research)



**Growth in Organized Retail Industry:** The Indian organized retail industry is estimated at about US\$300 billion and is expected to grow to US\$ 427 billion in 2010 and US\$ 637 billion in 2015. In retail market, India today is the second fastest growing economy of the world after China. Indian market has become the most lucrative market for retail investment in the world. According to Italian Trade Commission, apparel today has the largest share of the modern organized retail in India i.e. 20% of the current market of INR 56,000 Crores and this is expected to grow at a constant rate of 20% over the next 4 years. (Source: Nirmal bang Research)

### **Warehousing**

Indian logistics industry is fragmented, consisting of individual truck owners, small truck-fleet operators and single office logistics providers. In 2007, organised players accounted for only 6% of the total US\$ 100 billion Indian logistics industry. (Source: Government of India). The most important logistics functions for Indian companies still are transportation and warehousing.

The most important segment of Indian logistics industry is the warehousing business which accounts for around 20% of the industry. The growth in international trade has led to high demand for warehouses. The market is presently valued at US\$ 20 billion with organised warehousing having a capacity of approximately 80 million tons and growing at 35 to 40% per annum. (Source: Signature Group)

The underlying demand for superior infrastructure and logistics growth is directly linked to India's continued growth. The Government is planning to invest US\$ 475 billion into infrastructure during this 11th five year plan ending in 2012 making for huge Public Private Partnership (PPP) opportunities. (Source: Signature Group)

An investment of approximately US\$ 500 million is being planned by various logistics companies for the development of about 45 million square feet of warehouse space by 2012, along with approximately 110 logistics parks are likely to come up in India by 2013. (Source: Signature Group)

### **Types of warehouses:**

- **Private Warehouses** - These warehouses are owned and operated by big manufacturers and merchants to fulfill their own storage needs.
- **Public Warehouses** - These warehouses are specialised business establishments that provide storage facilities to the general public for a certain charge.
- **Bonded Warehouses** - These warehouses are licensed by the Government to accept imported goods for storage until the payment of customs duty.



## Growth Drivers:

- **FDI in Warehousing:** India's logistics sector remained unorganised and devoid of investor interest till quite recent past. The increasing role of organised players and sustained growth in the industry has started attracting investor interest. 100% FDI under automatic route for Special Economic Zones (SEZ) and Free Trade Warehousing Zones (FTWZ) is allowed subject to Special Economic Zones Act, 2005 and the Foreign Trade Policy.
- **India as a global manufacturing base:** India is gradually acquiring a position of low cost high quality manufacturing base for a host of products like cars (particularly small cars), motorcycles, auto parts etc. This creates a huge demand for warehousing industry.
- **Growing Foreign Trade:** Globalisation has led to a much higher level of import and export of goods and services. This is leading to increased logistics infrastructure.
- **Commodity Exchanges:** Setting up of commodity exchanges has spurred the demand for professional warehouses.
- **Organised Retailing:** As logistics-savvy retail firms will move towards multi-source strategies, pre-distribution of products at point of origin and proactive management of the inbound movement of cargo, 3PL providers will have a greater opportunity to create more flexible transportation and distribution networks for the Indian retail industry

**Value added services:** The role of a warehouse is now transforming from a conventional storehouse to an inventory management set-up with a greater emphasis on value added services. They have started providing additional services like consolidation and breaking up of cargo, packaging, labelling, bar coding & reverse logistics. It has emerged as a critical growth driver, leading to large investments by logistics companies for the development of warehouses and logistics parks. Warehousing and related activities currently account for about 20% of the total logistics industry.

## Cold Storage

Cold storages have emerged as critical components of supply chain networks in India. The rapid evolution of organised retail in India along with the emergence of a large food processing sector has made it essential to have cold storage infrastructure for storage of perishable goods. India is the world's largest producer of fruits, the second largest producer of vegetables after China, and ranks among the leading producers of milk, pulses and a range of cereal crops. The temperature controlled supply chains or cold chains are a significant proportion of the retail food market. Fast foods, ready meals and frozen products have increased market share in recent years.



Government statistics indicate that India has about 5,400 cold storage facilities with a total capacity of about 24mt. The cold chain logistics business offers US\$ 240 million (INR 10 billion) market opportunity in India as organized retail will require cold-chain logistics support and value accretion over the long term. In spite of the vast natural resources and abundant agricultural produce India ranks below 10th in the export of food products. Efficient supply chain is critical input for increasing exports.

According to a FICCI study, about 30-35% of the country's 60mt of fruits and vegetables produced get wasted due to inadequacies in cold storage and other facilities. In value terms, food worth Rs 58,000 Crores gets wasted in India, which is more than the total production of fresh fruits and vegetables in the UK.

The CII has estimated that India's cold-chain infrastructure will require at least Rs 18,000-20,000 Crores investment over the next five years to meet the growing requirement of this facility, while the industry size, at the current pace, will grow from Rs 8,000-10,000 Crores to Rs 40,000 Crores by 2015.

#### **Growth Drivers:**

- **Food Processing and Preserving Industry:** The State incentives to Food Processing and Preserving Industry are creating significant demand for logistics infrastructure. The growth in international trade and organised retail trade coupled with thrust on food processing has led to high demand for cold chains –nearly 340 million sq ft is needed by 2015 according to a report from Jones Lang LaSalle Meghraj (JLLM).
- **Food & beverage segment:** The increasing complexities in managing supply chains for short shelf-life products is driving the growth for thermal transportation and refrigerated warehousing.
- **Government Initiatives:** The Government of India (GOI) has accorded high priority to the establishment of cold chains and offers incentives such as:
  - ✓ Foreign equity participation of 51% is permitted for cold chain projects.
  - ✓ No restriction on import of cold storage equipment or establishing cold storages in India.
  - ✓ Capital investment subsidy of 25% (maximum US\$ INR 0.1 million) to promoters.
  - ✓ Tax breaks for refrigeration equipment imports and set-up costs

Growth in organized retail, shift towards horticultural crops, and demand from Pharmaceutical sector is driving growth in this sector.



### **Business Overview:**

The Demerged Undertaking having been transferred to and vested in the Company in accordance with the Scheme, the Company is the successor of the Agencies and Services Undertaking of M/s Binny Limited.

### **History and Management:**

The Company was incorporated under the Act as a public limited company on 20<sup>th</sup> December, 2007 with an authorized share capital of Rs. 10,00,000/- divided into 1,00,000 equity shares of Rs.10/- each registered under CIN No. U17120TN2007PLC065807. The Company obtained the Certificate for Commencement of Business on 06<sup>th</sup> February, 2008.

The Registered Office of the Company is at TCP Sapthagiri Bhavan, No.4, Karpagambal Nagar, Mylapore, Chennai - 600 004.

The Company entered into the Scheme with M/s Binny Limited and their respective shareholders and creditors. The Scheme was sanctioned by Hon'ble High Court of Madras on 22<sup>nd</sup> April, 2010. As per terms of the Scheme, on the scheme coming into effect, the Agencies and Services Undertaking of M/s Binny Ltd shall stand transferred to and vested in the company from 1<sup>st</sup> January, 2010, the appointed date.

### **Main Objects**

The main objects of the Company as stated in its MoA are reproduced below:

1. To carry on, in any part of India, the business of spinners, weavers, manufacturers, ginners, pressers, packers, importers and exporters of polyester blended viscose suiting and shirting, cotton, jute, hemp, silk, wool and any other fibrous materials and the business of weaving or otherwise manufacturing, bleaching, dyeing, printing and selling yarn, cloth, linen and other goods and fabrics, whether textile, fabric, netted or looped and of buying, selling and dealing in cotton and other fibrous materials, yarn, cloth, linen and other goods or merchandise made thereof, and generally to carry on the business of cotton spinners and doublers, linen manufacturers, cotton, flax, hemp, jute, silk, wool, yarn and cloth merchants, bleachers and dyers, makers of vitriol, bleaching and dyeing materials, and to transact all manufacturing or curing and preparing processes, and mercantile business that may be necessary or expedient and to purchase and vend raw materials and manufactured articles.



2. To carry on the business as manufacturers, importers, exporters, wholesalers, retailers and dealers in all kinds of synthetics and man-made fibers and process all such fibers, to spin, make, produce and process, bleach, dye, print, weave, tuft and finish all kinds of fiber, yarn and materials made from all kind of fiber, yarn and materials made from all kinds of fiber, natural, synthetic or man-made.
3. To carry on the business of manufacturers, importers and exporters, wholesalers and retail dealers of clothing and wearing apparel of every kind, hosiery goods of every kind, nature and description, carpets, durries, mats, rugs, namdas, blankets, shawls, tweeds, linens, flannels and all other articles of woolen and worsted materials and of all articles similar to the foregoing or any of them or connected therewith.
4. To carry on the business of fashion designers, drapers and dealers in cloth of all types and every description and makers and suppliers of clothing and garments of every kind of description, hosiers and dealers, importers and exporters of all types of readymade garments, all dresses made of natural, synthetic or blended textiles and of all types and of every description.
5. To construct and let out buildings, warehouses; to own, charter, hire and operate aeroplanes, ships, boats, launches and other means of transport and to carry on the business of ship-brokers, insurance brokers, managers of shipping property, stevedores, freight contractors, carriers by land, air and sea, barge owners, lightermen, fishermen, forwarding agents, ice merchants, refrigerating storekeepers, warehousemen and wharfingers.
6. To establish and conduct or discontinue or close agencies or branches and to employ agents in the carrying on of the business of the Company whether in India or elsewhere on such terms and conditions as may seem necessary or expedient.
7. To import, export, buy, sell, use, merchant and deal in carry, repair, alter, improve and exchange any machinery, plant, accessories, tools, appliances and apparatus.



Changes in the MoA:

Date	Particulars
30.12.2009	Amendments made to the objects clause. Sub clauses 5, 6 and 7 were added to Clause III (A) of the MOA
10.05.2010	The Authorised share capital of the Company was increased to Rs.144,25,00,000/- (Rupees One hundred forty four crores and twenty five lakhs only) divided into <ul style="list-style-type: none"> <li>➤ 32,00,000 Equity Shares of Rs.10/- each,</li> <li>➤ 6,00,000 9.75% Cumulative Redeemable Preference Shares of Rs.5/- each &amp;</li> <li>➤ 28,15,00,000 9% Cumulative Redeemable Preference Shares of Rs.5/- each</li> </ul>

**MANAGEMENT:**

**Board of Directors and Management:**

The Board comprises five members. Its composition as of date, is as given below:

Sr. No.	Name, Designation, Father's Name, Address, DIN and Occupation	Nationality / Age	Other Directorships
1.	Shri V.R. Venkataachalam Director S/o NPV Ramasamy Udayar No. 24, Sir C.V. Raman Road, Alwarpet, Chennai 600018.  DIN: 00037524 Industrialist	Indian 50 yrs	TCP Limited Mohan Breweries and Distilleries Ltd S.V. Sugar Mills Ltd Thiruvalluvar Textiles Private Ltd The Thirumagal Mills Ltd Binny Ltd Binny Engineering Ltd Binny Lorze Ltd Arthos Breweries Ltd Freezing Products Ltd New Horizon Sugar Mills Ltd The Egmore Benefit Society Ltd
2.	Shri V. Rajasekaran Managing Director S/o S. Vaithinathan Plot No.449, 4th Sector, 18th Street, K.K. Nagar, Chennai 600078.  DIN: 00037006 Company Executive	Indian 57 yrs	TCP Limited The Egmore Benefit Society Ltd Tanchem Imports & Exports P Ltd Viceroy Chennai Hotels Pvt Ltd



3.	Shri V. Sengutuwan Director S/o V.R. Venkataachalam No. 24, Sir C.V. Raman Road, Alwarpet, Chennai 600018.  DIN: 00053629 Industrialist	Indian 23 yrs	TCP Limited Thiruvalluvaar Textiles Pvt Ltd Tanchem Imports & Exports P Ltd Viceroy Chennai Hotels Pvt Ltd
4.	Shri S. Natarajan Director S/o Srinivasan New No. 7, Old No.4, Crescent Avenue, K.P.Puram, Chennai 600 028.  DIN: 00155988 Company Director	Indian 62 yrs	Shriram Capital Limited Shriram Properties Limited Shriram Properties and Infrastructure Limited Binny Engineering Limited Binny Lorze Limited Alpha Energy Systems Limited
5.	Shri S. Varatharajan Director S/o P. Sivaraman No. 34, III Main Road, Kotturpuram, Chennai 600085.  DIN: 01819133 Professional	Indian 47 yrs	Nagoorar Enterprises Private Limited Argo Carbonic Gases Private Ltd

Brief Profile of Directors/Promoters:

**Shri V.R. Venkataachalam**

Shri V.R. Venkataachalam, a graduate, is the son of the famous industrialist Late Shri NPV Ramasamy Udayar.

He is having rich experience in managing diverse business interest and in core industrial units such as Textile, Chemical and Power Generation besides Hospitals, Medical Colleges and Public Charitable Trusts. He is a director in several companies.

He is the Managing Director of M/s TCP Limited. Under his able guidance and leadership the company has diversified successfully into businesses like Power generation (both Conventional energy and Non Conventional energy) apart from Chemical manufacturing business.



He is the Chancellor of the famous Sri Ramachandra Medical College and Research Institute, the first private Medical College in the state of Tamil Nadu having deemed University Status. Under his excellent leadership, the Institution has seen tremendous progress and stands as a role model for any similar Institution of this type.

#### **Shri V.Rajasekaran**

Shri V. Rajasekaran is a B.E (Chemical) Engineer and is a post graduate in M. Tech and Business Administration. He has diverse experience in managing Chemical, Power, Textile and Finance businesses.

He is the Executive Director of TCP Limited and has been in the service of the company from its initial years. His rich experience in managing the business affairs of the company has been the key to the growth of the company. He has been in the forefront in the implementation of the power projects and in the expansion of the chemical business of the company.

He is currently heading the manufacturing / generation operations of TCP Limited. Under his able guidance and leadership the company has made significant and progressive growth. His rich technical knowledge and experience has helped the company to implement innovative strategies in its operations thereby achieving impressive growth and enhancing its production, productivity and profitability.

#### **Shri V.Sengutuvan**

Shri V. Sengutuvan is the son of the famous Industrialist Shri V.R. Venkataachalam. Hailing from illustrious Industrialists family, he has natural entrepreneurial abilities and skills in managing diverse business interests.

He is a director of TCP Limited and the Managing Director of Thiruvalluvaar Textiles Private Ltd, a Textile Unit at Rasipuram in Salem District.

#### **Shri S. Natarajan**

Shri S. Natarajan is a qualified Chartered Accountant. He has rich experience in Textile and Finance Companies. He is a company director in several reputed companies. He has experience in finance, accounts, audit and legal functions and has contributed immensely as a company director in managing the affairs of several reputed companies.



## Shri S. Varatharajan

Shri S. Varatharajan is a professional consultant. He has rich experience in managing diverse business interests.

### Appointment and Compensation of Managing Director:

Shri. V. Rajasekaran is appointed as the Managing Director of the company. At present he is not paid any remuneration from the company.

### Corporate Governance

The Company is not listed and as such Clause 49 of the Listing Agreement is not applicable and on listing it shall be adhered to.

The Board consists of five Directors, of which there are 2 Non-executive Promoter Directors, 1 Executive Director and 2 Non-executive Independent Directors. The Company has appropriate mix of executives and Independent Directors to ensure proper governance and Management.

S. No.	Name of Director	Designation
1	Shri V.R. Venkataachalam	Promoter , Non - Executive Director
2	Shri V. Sengutuvan	Promoter , Non - Executive Director
3	Shri V. Rajasekaran	Executive Director
4	Shri S. Natarajan	Independent, Non - Executive Director
5	Shri S. Varatharajan	Independent, Non - Executive Director

### AUDIT COMMITTEE

The need for having an audit committee grows from the recognition of the audit committee's position in the larger mosaic of the governance process, as it relates to the oversight of financial reporting. A proper and well functioning system exists therefore, when the three main groups responsible for financial reporting - the board, the internal auditor and the outside auditors - form the three-legged stool that supports responsible financial disclosure and active and participatory oversight. The audit committee has an important role to play in this process, since the committee is a sub-group of the full board and hence the monitor of the process. The committee's job is clearly one of oversight and monitoring and in carrying out this job it relies on senior financial management and the outside auditors.



The Audit Committee shall consists of three Directors. They are as follows -

S. No.	Name of Director	Designation
1.	Shri. S. Natarajan	Chairman
2.	Shri. S. Varatharajan	Member
3.	Shri. V. Sengutuvan	Member

#### SHARE TRANSFER AND SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The primary function of the Share Transfer and Shareholders' / Investors' Grievance Committee is to assist the Board in controlling the shareholders' grievances against the Company and redress the complaints of the shareholders. The Committee would look after and approve the share transfer, transmission, issue of duplicate share certificate etc.

The Share Transfer and Shareholders' / Investors' Grievance Committee comprises of three directors. They are as follows -

S. No.	Name of Director	Designation
1.	Shri V.R. Venkataachalam	Chairman
2.	Shri V. Rajasekaran	Member
3.	Shri. S. Varatharajan	Member



## REPORT ON CORPORATE GOVERNANCE

Particulars	Clause 49 of Listing Agreement	Compliance Status Yes/No	Remarks
<b>I Board of Directors</b>	49 I		
(A) Composition of Board	49(I) (A)	Yes	
(B) Non-executive Directors' compensation & disclosures	49 (I) (B)	Yes	
(C) Other provisions as to Board and Committees	49 (I) (C)	Yes	
D) Code of Conduct	49 (I) (D)	Yes	
<b>II. Audit Committee</b>	49 (II)		
(A) Qualified & Independent Audit Committee	49 (II) (A)	Yes	
(B) Meeting of Audit Committee	49 (II) (B)	Will be complied from the date of listing	
(C) Powers of Audit Committee	49 (II) (C)	Yes	
(D) Role of Audit Committee	49 (II) (D)	Yes	
(E) Review of Information by Audit Committee	49 (II) (E)	Yes	
<b>III. Subsidiary Companies</b>	49 (III)	No	
<b>IV. Disclosures</b>	49 (IV)	NA	
(A) Basis of related party transactions	49 (IV) (A)	Will be complied from the date of listing	
(B) Board Disclosures	49 (IV) (B)	Will be complied from the date of listing	
(C) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV) (C)	NA	
(D) Remuneration of Directors	49 (IV) (D)	Yes	
(E) Management	49 (IV) (E)	Will be complied from the date of listing	
(F) Shareholders	49 (IV) (F)	Will be complied from the date of listing	
<b>V. CEO/CFO Certification</b>	49 (V)	Will be complied at the time of Annual Report	
<b>VI. Report on Corporate Governance</b>	49 (VI)	Will be complied at the time of Annual Report	
<b>VII. Compliance</b>	49 (VII)		



The Board consists of 5 Directors.

The details of Director's Shareholding:

S. No.	Name of Director	No, of Equity shares held
1.	Shri V.R. Venkataachalam	1,09,317
2.	Shri V. Rajasekaran	---
3.	Shri V. Sengutuvan	---
4.	Shri S. Natarajan	---
5.	Shri S. Varatharajan	---

Change in the Board since the Company's inception:

Name of Director	Date of		Reason
	Appointment	Resignation	
Shri V.R. Venkataachalam	20.12.2007	--	
Shri V. Rajasekaran	20.12.2007	--	
Shri V. Sengutuvan	01.06.2009	--	
Shri S. Natarajan	12.05.2010	--	
Shri S. Varatharajan	12.05.2010	--	
Shri V. Rajasekaran	12.05.2010	--	Change of designation as Managing Director.

#### IX. OVERVIEW OF ORGANISATION STRUCTURE & SENIOR MANAGEMENT PERSONNEL

##### Key Managerial Personnel:

The company's business is not yet big enough to have key managerial personnel, other than the Directors of the company. However, with the vesting of the demerged business with the company and the business of the company expected to grow exponentially in the near future, it is proposed to appoint management personnel at the appropriate stage in the near future besides taking over employees from erstwhile demerged company as per the scheme approved by the High Court of Judicature at Madras.

#### X. PROMOTER AND PROMOTER GROUP COMPANIES

The Group companies are:

M/s TCP Limited and  
M/s Thiruvalluvar Textiles Private Limited



### **M/s TCP Ltd**

Based in Chennai, TCP Ltd was incorporated in 1971 as a joint sector unit, by the Tamil Nadu Industrial Development Corporation Ltd (TIDCO), private promoters and the public. TIDCO and the private promoters disinvested their shares in TCP Ltd to Udayar group in 1986.

TCP manufactures and sells Sodium Hydro Sulphite (SHS), Liquid Sulphur Dioxide, Tangolite, Tangolin, Sodium Sulphate, etc., besides generation of power by Conventional and Non Conventional energy by way of Thermal, Biomass and Wind energy.

The company has installed capacity to manufacture 12,000 MT per annum of SHS and has a captive plant to manufacture 4,950 MT per annum of Liquid Sulphur Dioxide, one of the main inputs in the manufacture of SHS at Karaikudi, Tamil Nadu. A notified backward area in Sivaganga District of Tamil Nadu.

The company generates power from its 63.5 MW coal based Power Plant at Gummidipoondi, in Tamil Nadu. Power generated from this power plant is sold to the Tamil Nadu Electricity Board (TNEB) under a Power Purchase Agreement (PPA).

The company also generates power from its 6 MW Bio mass based power plant at Karaikudi, Tamil Nadu which is sold to TNEB grid as well as private parties.

The company has also set up 37 Wind Mills in Kayathar, Palladam, Tenkasi and Sambavar Vadakarai in Tamil Nadu and generates 16.5 MW of power for its captive consumption and sale to TNEB.

The turnover of the company for the year ended 31<sup>st</sup> March 2009 is Rs.292.60 Crores.

### **M/s Thiruvalluvar Textiles Private Ltd**

Based in Rasipuram Taluk, Namakkal District in Tamil Nadu, Thiruvalluvar Textiles Private Limited was incorporated in 1980 with 10,000 spindles to manufacture Cotton Yarn. The present management took over the company in 1991. Major modernization of the spinning mills was done by the present management to increase the production capacity of the spinning mills.

The company has spinning mills at Rasipuram, Salem and Coimbatore, in Tamil Nadu. The company has installed capacity of 1,80,744 spindles including 39,480 spindles taken on lease hold basis.

The turnover of the company for the year ended 31<sup>st</sup> March 2009 is Rs.101.44 Crores.



## XI. FINANCIAL STATEMENTS

Financial statements of the company for the previous three years and latest audited financial statements for the year ended 31<sup>st</sup> March 2009 with notes to accounts:

Balance sheet of Binny Mills Ltd as at -

Particulars	31.03.2009 (in Rs.)	31.03.2008 (in Rs.)
<b>SOURCES OF FUNDS</b>		
<b>Share Capital</b>		
Authorized capital 1,00,000 Equity Shares of Rs. 10 each	10,00,000	10,00,000
Issued, Subscribed & paid up Capital 50,000 Equity Shares of Rs. 10 each fully paid up	5,00,000	5,00,000
<b>Loan Funds:</b>		
Unsecured loans	62,616	62,616
<b>Total Funds Employed</b>	<b>5, 62,616</b>	<b>5, 62,616</b>
<b>APPLICATION OF FUNDS</b>		
<b>Current Assets, Loans and Advances</b>		
<b>Current Assets</b>		
Balance with Scheduled bank in current a/c (A)	4,94,527	5,04,325
<b>Current Liabilities and Provisions</b>		
<b>Provisions</b>		
Audit Fees payable (B)	5,515	5,618
Net Current Assets [(A) - (B)]	4,89,012	4,98,707
<b>Misc. Expenditure</b>		
Preliminary expenses(to the extent not written off or adjusted)	50,506	50,506
<b>Profit and Loss A/c</b>	<b>23,098</b>	<b>13,403</b>
<b>Total Assets</b>	<b>5,62,616</b>	<b>5,62,616</b>



Profit and Loss account for the year ended

Particulars	31.03.2009 (in Rs.)	31.03.2008 (in Rs.)
<b>Income</b>		
Other Income	Nil	Nil
<b>Total</b>	Nil	Nil
<b>Expenditure</b>		
Indirect expenses	9,695	13,403
<b>Total</b>	9,695	13,403
Profit / (Loss)	(9,695)	(13,403)
Profit / (Loss) before Taxation	(9,695)	(13,403)
Loss brought forward from previous year	13,403	--
Loss carried forward to balance sheet	23,098	--



**XII. DETAILS OF PROMOTERS AND OTHER INDIAN PROMOTER GROUP COMPANIES INCLUDING THEIR CAPITAL STRUCTURE AND FINANCIAL STATEMENTS**

Details of Promoters

1.	Mr. V.R. Venkataachalam Old No.25, New No.24, Sir C.V.Raman Road, Alwarpet, Chennai - 600018  Industrialist PAN: AADPV3203H
2.	Mrs. Radha Venkataachalam Old No.25, New No.24, Sir C.V.Raman Road, Alwarpet, Chennai, 600018  Industrialist PAN: ABVPV1614K
3.	Mr. V Sengutuvan Old No.25, New No.24, Sir C.V.Raman Road, Alwarpet, Chennai, 600018  Industrialist PAN: BBWPS3097M
4.	Mr. V Rajasekaran Plot No.499,18th Street, 4th Sector, K.K.Nagar, Chennai 600 078,  Company Executive PAN: AERPR0716F
5.	Mr. D Prasannamoorthy 2/1, First Street, New No.15, 6th Street Nandanam Extension, Nandanam Chennai 600 035.  Company Executive PAN: ADBPP4062I
6.	S Varatharajan 34, Illrd Main Road, Kotturpuram Chennai 600 085.  Business PAN: ACDPV7512R
7.	Mr. M Balaganesh 15, Vinayagam Street, Raja Annamalai Puram Chennai 600 028.  Professional PAN: AASPB2657A



The promoter group companies' details [as on 31.3.2009] are as follows:

(in Crores)

1.	<b>M/s TCP Limited</b>	
	Authorized Capital.	12.00
	Paid Up Capital	5.03
	Turn Over	292.60
	Profit / (Loss) after tax	60.43
	Dividend	30%
2.	<b>M/s Thiruvalluvar Textiles Private Ltd</b>	
	Authorized Capital.	14.50
	Paid Up Capital	11.82
	Turn Over	101.44
	Profit / (Loss) after tax	(20.85)
	Dividend	Nil

### XIII. MANAGEMENT'S DISCUSSION AND ANALYSIS

Among other things, the Management's Discussion and Analysis (MD&A) provides an overview of the previous years of operations and how the company fared in that time period. Management will usually also touch on the upcoming year, outlining future goals and approaches to new projects.

The MD&A is a very important Section of this report, especially for those analyzing the fundamentals, which include management and management style. Although this Section contains useful information, investors should keep in mind that the Section is unaudited.

On the effective implementation of the Scheme, the Company is planning to initiate the business of Agencies and Services Undertaking by diversifying its activities to the trading of textiles and engineering products, agencies, cold storage plants at Cochin and warehousing.

The Company is also planning to improve its present business by adopting superior and innovative means. The Board of Directors of the Company has vast experience and knowledge in the field of textiles and engineering products which would be the complementary advantage.

The growth and scope of activities such as textiles and engineering products, agencies, cold storage and warehousing are discussed in detailed. Some of the excerpts are given below -



## Textile Industry

Indian textile industry contributes about 14 per cent to industrial production, 4 per cent to the country's gross domestic product (GDP) and 16.63 per cent to export earnings. Nearly 40 per cent of the textiles produced in the country are exported and the textiles sector is the biggest employment generator after agriculture. The sector is expected to generate 12 million new jobs by 2010. The sector targets US\$ 6 billion foreign direct investment (FDI) by 2015 to be invested in green field units in textiles machinery, fabric and garment manufacturing, as well as technical textiles.

India's strong fundamentals like growing young population, rapid urbanization, rising disposal income, rapid and significant preference for fashionable apparel and a large retail sector are expected to boost the local and international market segments.

India has made inroads into the markets of its key competitors which include Asian countries such as Sri Lanka, Bangladesh, Vietnam and Cambodia. The Indian textile and apparel industry is taking a new course by entering the Chinese market. Most of the top global apparel retailers, such as JC Penny, Nautica, Dockers and Target, have their sourcing network in India. Indian textiles and apparel exports, which is worth US\$ 22 billion, is expected to register a four-fold increase to touch US\$ 90 to 100 billion in the next 25 years.

### Technical Textile Segment

Technical textiles segment is expected to employ over 300,000 additional workers increasing the total employment in the sector to 1.2 million by the year 2012. The Government has set up four Centres of Excellence (CoEs) for Meditech, Agrotech, Geotech and Protech group of technical textile, providing one-stop facilities for testing, human resource development and research and development.

### Government Initiative

The Government has announced the release of a subsidy of US\$ 533.87 million for the textile industry, under the Technology Upgradation Fund scheme (TUFs). The government extends 10 per cent capital subsidy and 5 per cent interest subsidy on installation of machineries and for processing machinery under the TUFs. A 41-member Working Group has also been announced to be set up with a National Fibre Policy, to ensure self-sufficiency in fibre consumption and export requirements in India.



The Textiles Committee has also been reconstituted in order to ensure standard quality of textiles both for internal marketing as well as exports. The committee will also establish laboratories and test houses for testing of textiles.

In addition, an online marketing and sales portal has also been launched by the textile minister. The e-marketing platform, developed by the Central Cottage Industries Corporation of India and the Handicraft and Handlooms Export Corporation of India, will host more than 1,000 wide ranging handicrafts and handlooms products. It will also provide online services, such as e-payment facility through major debit/credit card as well as online tracking of the shipment.

Moreover, the Ministry of Textiles is considering setting up textile parks at Vidarbha and Marathwada, the largest cotton growing regions in Maharashtra. Currently seven textile parks are already in various stages of completion in Maharashtra.

#### Advantage India

India offers cheaper production and marketing costs and enormous opportunities that have tempted Taiwanese companies to work on joint ventures with Indian companies, especially for the manufacture of manmade fabrics. Several European textile and textile machinery manufacturing companies have shown interest in sourcing garments from India. Textile companies were keen to set up base in India due to the cheap labour available here. India offers various incentives like low-cost labour and intellectual right protection to foreign investors. The country allows 100 per cent FDI in the textiles sector.

#### Investments

According to the Union Minister for Textiles, Mr. Dayanidhi Maran, around US\$ 5.14 billion of foreign investment is expected to be made in India in the textile sector over the next five years.

**Growth in Organized Retail Industry:** The Indian organized retail industry is estimated at about US\$300 billion and is expected to grow to US\$ 427 billion in 2010 and US\$ 637 billion in 2015. In retail market, India today is the second fastest growing economy of the world after China. Indian market has become the most lucrative market for retail investment in the world. According to Italian Trade Commission, apparel today has the largest share of the modern organized retail in India i.e. 20% of the current market of INR 56,000 Crores and this is expected to grow at a constant rate of 20% over the next 4 years. (Source: Nirmal bang Research)



## Warehousing

Indian logistics industry is fragmented, consisting of individual truck owners, small truck-fleet operators and single office logistics providers. In 2007, organised players accounted for only 6% of the total US\$ 100 billion Indian logistics industry. (Source: Government of India). The most important logistics functions for Indian companies still are transportation and warehousing. India's logistics services sector is set to witness a rise in private equity (PE) investments on the back of improvement in transportation and low costs.

The country witnessed considerable growth in mergers and acquisitions (M&A) in logistics, ports, warehouses and container freight stations in the last four years. The sectors seen as attractive now include Free Trade Warehousing Zones (FTWZ), freight stations, cold chains and captive spin-offs such as auto and retail logistics.

Logistics sector, with logistics companies on an expansion drive, offers strong free cash flow coupled with low capital expenditure.

According to Manish Saigal, executive director, KPMG Advisory, about 17 small-ticket acquisition deals close to worth US\$ 500 million were struck in 2009. He added that a strong bounce back is expected in PE investments in the sector. He also added that the logistics sector will be driven by infrastructure upgrades, with a scope to add container logistics, inland container depots and warehousing.

The sector is set to offer growth opportunities for investors, driven by higher fund allocation in the Union Budget 2010-11 to boost infrastructure in the economy.

Arshiya International, a supply chain and logistics firm, plans to invest US\$ 550.3 million to set up five FTWZs across India. Darius Pandol of New Silk Route Partners, which manages US\$ 1.4 billion worth of funds, said, "The scope is across the board... all the segments are very attractive."

An investment of approximately US\$ 500 million is being planned by various logistics companies for the development of about 45 million square feet of warehouse space by 2012, along with approximately 110 logistics parks are likely to come up in India by 2013. (Source: Signature Group)

## Cold Storage

Cold storages have emerged as critical components of supply chain networks in India. The rapid evolution of organised retail in India along with the emergence of a large food processing sector has made it essential to have cold storage



infrastructure for storage of perishable goods. India is the world's largest producer of fruits, the second largest producer of vegetables after China, and ranks among the leading producers of milk, pulses and a range of cereal crops. The temperature controlled supply chains or cold chains are a significant proportion of the retail food market. Fast foods, ready meals and frozen products have increased market share in recent years.

Government statistics indicate that India has about 5,400 cold storage facilities with a total capacity of about 24mt. The cold chain logistics business offers US\$ 240 million (INR 10 billion) market opportunity in India as organized retail will require cold-chain logistics support and value accretion over the long term. In spite of the vast natural resources and abundant agricultural produce India ranks below 10th in the export of food products. Efficient supply chain is critical input for increasing exports.

According to a FICCI study, about 30-35 per cent of the country's 60mt of fruits and vegetables produced get wasted due to inadequacies in cold storage and other facilities. In value terms, food worth Rs 58,000 Crores gets wasted in India, which is more than the total production of fresh fruits and vegetables in the UK.

The CII has estimated that India's cold-chain infrastructure will require at least Rs 18,000-20,000 Crores investment over the next five years to meet the growing requirement of this facility, while the industry size, at the current pace, will grow from Rs 8,000-10,000 Crores to Rs 40,000 Crores by 2015.

### **Food Processing**

In order to further grow the food processing industry, the government has formulated a Vision-2015 action plan under which specific targets have been set. This includes trebling the size of the food processing industry from around US\$ 70 billion to about US\$ 210 billion, raising the level of processing of perishables from 6 per cent to 20%, increasing value addition from 20% to 35%, and enhancing India's share in global food trade from 1.5% to 3%.

The growth in international trade and organized retail trade coupled with thrust on food processing has left to high demand for cold chain. Further the growth in organized retail, shift towards horticultural crops, and demand from Pharmaceutical sector is driving growth in this sector.

According to the Union Minister for Food Processing Industries, Mr. Subodh Kant Sahai the Central Government is envisaging an investment of US\$ 21.9 billion in the food processing industry over the next five years, a major chunk of which it plans to attract from the private sector and financial institutions.



The total FDI investment in the food processing sector in 2008-09 was US\$ 103 million. During April to December 2009, FDI inflow in food processing sector was US\$ 206.1 million as compared to US\$ 100 million during the financial year 2008-09. The cumulative FDI received by the industry from April 2000-January 2010 stood at US\$ 1.02 billion.

#### XIV. OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

The company is recently formed. There is no outstanding litigation.

#### XV. GOVERNMENT APPROVALS

As of now, the company is not required to take approval from Central Government. The company will take necessary steps in the matter of shares allotted to NRI from Reserve Bank of India. Approvals will be obtained as and when required.

#### XVI. REGULATORY AND STATUTORY DISCLOSURES

##### **Authority for Listing**

The Honourable High Court of Madras, vide its Order dated 22<sup>nd</sup> April 2010, sanctioned the Scheme between the Demerged Company and the Company and their respective equity shareholders and creditors whereby all assets, liabilities, duties, rights and obligations in respect of the Demerged Undertaking were transferred to and vested in the Company with effect from the Appointed Date under Sections 391 to 394 of the Act. The aforesaid Order of the High Court of Madras was filed with the ROC on 10<sup>th</sup> May, 2010 and the Scheme became effective thereupon, namely Effective Date.

The Equity Shares issued pursuant to the Scheme shall, subject to applicable regulations, be listed and admitted to trading on the Stock Exchanges. Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of the Stock Exchanges for such issues and also subject to such other terms and conditions as may be prescribed by the Stock Exchanges at the time of the application by the Company seeking listing of its Equity Shares.

##### Prohibition by SEBI:

The Company, its Directors, its Promoters, other companies promoted by the Promoters and companies with which the Directors are associated as Directors have not been prohibited from accessing the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by



SEBI. The listing of any securities of the Company has never been refused at anytime by any of the stock exchanges in India.

Further, the Company, its Directors, its Promoters, other companies promoted by the Promoters and companies with which the Directors are associated as Directors have not been declared as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past and no proceedings are pending against them.

**Eligibility Criterion:**

There being no Initial Public Offering or Rights Issue, the eligibility criteria in terms of Clause 2.2.1 of SEBI Guidelines are not applicable. However, SEBI has vide its letter No.CFD/DIL/PB/AC/136928/2008 dated 5<sup>th</sup> September, 2008 relaxed the applicability of provisions of Regulation 19(2)(b) of the Securities Contract (Regulations) Rules, 1957 under Clause 8.3.5 of SEBI Guidelines.

The Company has submitted the Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirements for public issues, as applicable, to the Stock Exchanges for making the Information Memorandum available to the public through their available websites viz. [www.madrasstockexchange.in](http://www.madrasstockexchange.in) and [www.bseindia.com](http://www.bseindia.com).

The Company will publish an advertisement in the newspapers containing details in line with the provisions of Clause 8.3.5.4 of SEBI Guidelines. The advertisement will draw specific reference to the availability of the Information Memorandum on its website as well as the Stock Exchanges.

**Disclaimer - SEBI:**

It is to be distinctly understood that submission of the Information Memorandum to SEBI by the DSE should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility for the financial soundness of the Scheme for which the listing is proposed to be made or for the correctness of the statements made or opinions expressed in the Information Memorandum.

**Disclaimer from the Company:**

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisement to be published in terms of Clause 8.3.5.4 of SEBI Guidelines or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk.

The Company shall make all information available to the public and investors at large and no selective or additional information would be available for a Section of the investors in any manner.



**Disclaimer - BSE:**

As required, a copy of the Information Memorandum has been submitted to BSE. The BSE has vide its letter dated 19<sup>th</sup> January, 2010 approved the Scheme under Clause 24(f) of the Listing Agreement and by virtue of the said approval BSE's name is included in the Information Memorandum as one of the Stock Exchanges on which the Equity Shares are proposed to be listed.

The BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- Warrant that the Equity Shares will be listed or will continue to be listed on the BSE; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;
- and it should not for any reason be deemed or construed to mean that the Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

**Disclaimer - MSE:**

As required, a copy of the Information Memorandum has been submitted to MSE. MSE has vide its letter dated 20<sup>th</sup> January, 2010 approved the Scheme under Clause 24(f) of the Listing Agreement and by virtue of the said approval. MSE's name is included in the Information Memorandum as one of the Stock Exchanges on which the Equity Shares are proposed to be listed.

It is to be distinctly understood that the aforesaid permission given by MSE should not in any way be deemed or construed to mean that the Information Memorandum has been cleared or approved by MSE; nor does MSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Information Memorandum; nor does it warrant that the Equity Shares will be listed or continue to be listed on the MSE; nor does it take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against MSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or



acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**Filing:**

Copies of the Information Memorandum have been filed with the Stock Exchanges.

**Listing:**

Applications have been made to Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. The Company has nominated BSE as the DSE for the aforesaid listing of the Equity Shares. The Company has taken steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges.

**Expert Opinion:**

The Company has not obtained any expert opinion.

**Despatch of Share Certificates:**

The Company has dispatched the share certificates, for allotment of Equity Shares made in terms of the Scheme, on \_\_\_\_\_ to those equity shareholders who were holding shares in Binny Limited in physical form, as on the Record Date and who have opted to receive the Equity Shares in the physical form.

**Demat:**

The Company has executed Tripartite Agreements with the STA and the Depositories i.e. NSDL and CDSL for admitting the Equity Shares in demat form and has been allotted International Securities Identification Number (ISIN) - INE160L01011.

**Previous rights and public issues if any:**

The Company has not made any previous public or rights issue since incorporation.

**Commission and brokerage on previous issues:**

Since the Company has not issued Equity Shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

**Particulars of listed companies under the same management, which have made capital issues during the last three years:**

There are no issues made by any such listed company under the same management in the last three years.



**Promise vis-à-vis Performance:**

The Company has allotted Equity Shares pursuant to the Scheme sanctioned by the Hon'ble High Court of Judicature at Madras. The Company has not made any promises in the Information Memorandum.

**Mechanism evolved for redressal of Investor Grievances:**

The Company, with a view to render prompt and efficient service to the investors, appointed Cameo Corporate Services Ltd., No.1, Club House Road, Subramanian Building, Chennai 600 002, registered with SEBI as the STA to handle share registry work pertaining to both physical and electronic segments of the Equity Shares.

As required under the Listing Agreement, Mr. V. Rajasekaran, Managing Director of the Company has been appointed as the Compliance Officer. For any clarification/complaint, the shareholders may contact Mr. V. Rajasekaran, Managing Director of the Company.

Similarly, the Shareholders'/Investor's Grievance Committee to be set up in compliance with Clause 49 of Listing Agreement will oversee and review all matters connected with share transfers, issue of duplicate share certificates etc. The Investor's Grievance Committee will also look into the redressal of investors' grievances pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Company, as a matter of policy, will dispose of investor complaints within a span of seven days.

**XVII ARTICLES**

The relevant provisions of Articles of Association of the Company are reproduced below:

**4. Alteration of conditions of Memorandum:**

The Company in general meeting is authorized to alter the conditions of its memorandum as follows, that is to say, it may from time to time by ordinary resolution:-

- a. (i) Increase its share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution;
- (ii) Indicate that the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as may be specified in the resolution sanctioning the increase of share capital, and if nothing is specified in the resolution, as the Directors may determine and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.



(iii) Indicate that except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the original equity capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfers and transmission, forfeiture, lien, voting and otherwise.

- b. Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares
- c. Convert all or any of its fully paid-up shares into stock, and reconvert the stock into fully paid-up shares of any denomination.
- d. Sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, so however, than in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived
- e. Cancel shares which, at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

#### 5. Increase of Subscribed Capital

The subscribed capital of the Company may be increased from time to time by the Board as and when necessary without referring to the share holders to the extent of Authorized Share Capital by the issue of new shares and the Directors shall comply with the provisions of Section 81 and 81A of the Act.

#### 6. Reduction of Share Capital

Subject to Sections 78, 80, 80A, 100 to 105 and subject to confirmation by the Court, the Company is authorized to reduce its Share Capital by Special Resolution in any way and in particular and without prejudice to the generality of the foregoing power, may -

- a) Extinguish or reduce the liability on any of its shares in respect of share capital not paid up; or
- b) Either with or without extinguishing or reducing liability on any of its shares, cancel any paid-up share capital which is lost or is unrepresented by available assets; or



c) Either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the Company and may, if and so far as is necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly; or

d) Reduce any share premium amount in accordance with the provisions of Section 78 read with Section 100 or any statutory modifications thereof; and

e) Reduce any Capital Redemption Reserve Fund in accordance with Sections 80 and 80A read with Section 100 or any statutory modifications thereof.

#### 7. Rights of Preference Share holders

The Company shall have power to issue preference shares including Redeemable Preference Shares in accordance with the provisions of Sections 80, 81 and 85 of the Act or any statutory modifications thereof

a) The Preference Shares will confer upon the holders thereof the right to a fixed cumulative preferential dividend (free of Company's tax but subject to deduction of tax at source at the prescribed rates) on the capital for the time being paid up. The Preference Shares shall also confer on the holders thereof the right of winding up of the Company to payment of capital and arrears of dividend (whether earned, declared or not) up to the commencement of the winding up, in priority to the Equity Shares, but shall not confer any further right to participate in any profit or asset. The holders of Preference Shares shall be entitled to dividend to be paid commencing from the date of allotment and ending at the close of such period. For the purpose of Section 87(2) of the Companies Act, 1956 and the Articles of Association of the Company, dividend shall be due on Preference Shares in case a dividend is declared on the date specified in such declaration for payment of such dividend, which date shall not be more than thirty days after the date of the Annual General Meeting which considers the accounts for the payment period and in case dividend is not so declared than thirtieths forty second day after the date of such Annual General Meeting shall be deemed to be the date specified for the payment of dividend on such Preference Shares.

#### b) Redemption of Preference Shares

i). the Board may at any time before the expiry of the period of ten years from the date of issue, apply the net profits or the funds of the Company which may be lawfully applied for the purpose by proceeds of a fresh issue of Redeemable Preference Shares made for the purpose of redemption in redeeming a part or whole of the Preference Shares for the



time being issued and outstanding together with a sum equal to the arrears of dividend (whether earned, declared or not) up to the date of redemption.

- ii). The Preference Shares to be redeemed on such occasion shall be determined by drawing of lots at such time and place in such manner as the Board may determine but in the presence of atleast one of the Directors and a representative of the auditors of the Company for the time being.
- iii). Forthwith after such drawing, the Company shall give the holders of the Preference Shares drawn for redemption, notice in writing of the Company's intention to redeem the same and fixing a time not less than six months ahead and place for the redemption and surrender of the scrips of the Preference Shares so to be redeemed.
- iv). At the time and place so fixed each holder of such Preference Shares shall be bound to surrender to the Company any certificate or certificates for his Preference Shares to be redeemed and the Company shall pay to him the amount payable in respect of such shares and where such certificate comprises of any Preference Shares which have not been drawn for redemption, the Company shall issue the holder thereof, a fresh certificate thereof.
- v). The Company shall, subject to Section 80A of the Act, and the terms of issue of any Preference Shares be at liberty, without prejudice to its other rights from time to time to create and issue further Preference Shares ranking in all respects Pari Passu with the Redeemable Cumulative Preference Shares issued under the Prospectus.

c. Calculation of fixed percentage on Capital

In calculation of fixed percentage on capital paid-up on any shares for the purpose of these Articles, such percentage shall be calculated up to and as on the date of close of the accounting year of the Company next prior to the date of declarations of dividend at a General Meeting and in respect of interim dividend, such fixed percentage shall be calculated up to and as on the date of the close of the period for which such dividend is declared by the Board of Directors.

8. Variation of Shareholders Rights .

**Division of Shares into several classes.**

- a. The share in the capital of the Company for the time being whether original or increased may be divided into several classes with any preferential, qualified or other special rights, privileges, conditions or



restrictions attached thereto, whether in regard to dividend, voting, return of capital or otherwise.

#### **Modification of rights**

- b. Whenever the capital by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be modified, commuted, affected, abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three fourths in nominal value of the issued shares of the class or is confirmed by a special resolution passed at a separate General Meeting of the holders of shares of that class and supported by the votes of the holders of three-fourths of those shares and all the provisions hereinafter contained as to General Meetings shall mutatis mutandis apply to every such meeting but so that the quorum thereof shall be five members present in person or by proxy and holding two-thirds of the nominal value of the issued shares of that class. This article is not derogative of any power the Company would have had if this clause were omitted. The power conferred upon the Company by this clause is subject to Sections 106 & 107 of the Act.

#### **Conditions under which rights varied by creation of further shares**

- c. The rights conferred upon the holders of the shares of any class issued with referred or other rights shall not unless otherwise provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari-passu* therewith.

### **SHARES AND CERTIFICATES**

#### **13. Shares to be numbered progressively**

Each share in the capital of the Company shall be distinguished by its appropriate number called the distinctive number and the shares or any other interest of any member in the Company shall be movable property transferrable in the manner provided by the Articles of the Company.

#### **14. Shares under the control of Directors**

Subject to the provisions of these Articles and of the Act, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times as the Directors think fit and with the sanction of the Company in General Meeting to give any person of the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 & 79 of the Act) at a premium or at par or at a discount and for such



time and for such consideration as the Directors think fit. The Board shall cause to be made the returns as to allotment provided for in Section 75 of the Act.

**15. Issue and allotment of share for consideration other than cash**

Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of the Company as partly or fully paid in consideration of any property sold or goods transferred or machinery supplied or for services rendered to the Company in the conduct of its business and any share which may be so allotted may be issued as fully or partly paid-up shares, otherwise than in cash and if so issued, shall be deemed to be fully or partly paid-up shares as aforesaid.

**16. Certificate of Shares**

The Certificates of title to the shares shall be issued under the Seal of the Company which shall be affixed in the presence of and signed by -

- a. Two Directors (provided that if the composition of the Board permits, one of the aforesaid two Directors shall be a person other than the managing or whole-time Director, if any) and
- b. The Secretary or some other person appointed by the Board for the purpose.

Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued indicating the date of issue. A Director may sign a share certificate by affixing his signature thereon by means of his hand or by means of any machine, equipment or other mechanical means such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose. Provided always that notwithstanding anything contained in this Article, the Certificate of title to shares may be executed and issued in accordance with such other provisions of the Act, or the rules made there under as may be in force for the time being and from time to time.

**17. Member entitled to certificate for shares registered in his name**

Every member or allottees of share(s) shall be entitled without payment of any fee to receive share certificate(s) in marketable lots under the Seal of Company for all the shares of each class or denomination registered in his name in such form as the Directors shall prescribe or approve specifying the share of shares allotted to him and the amount paid thereon. If however, share certificate(s) is/are found to be issued for either more or less than marketable lots, subdivision/consolidation into marketable lots, if necessary, shall be done free of charge. Share certificates shall be issued only in pursuance of a resolution passed by the Board or its Committee and on surrender to the Company of the letter of



allotment or the fractional coupons of requisite value, save in case of issue against letter of acceptance or of renunciation or in case of issue of bonus or rights shares respectively. Provided that if the letter of allotment is lost or destroyed, the Board or its Committee may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating evidence.

**18. Endorsement of transfer**

Every endorsement or transfer in favour of any transferee thereof or of payment of a call upon the certificate of any share shall be signed by a Director or Secretary or any other person for the time being duly authorized by the Directors in this behalf.

**19. Renewal of Certificates**

If any certificate be worn out or defaced or if there is no further space on the back thereof for endorsement of transfer, then upon production of the same to the Directors, they may order the same to be cancelled and may issue a new certificate in lieu thereof and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Directors and on such indemnity (if any) as the Directors seem adequate being given, a new certificate in lieu thereof shall be given to the persons entitled to such lost or destroyed certificate and such sum (if any) not exceeding one rupee, as the Directors may determine shall be paid to the Company for every certificate so issued under this clause.

Provided that no fees shall be charged for issue or new certificates in replacement of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement of transfer.

**JOINT HOLDERS OF SHARES**

**20. The first named of joint Holders deemed sole Holder**

When two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the following provisions and other provisions contained in these Articles

- a. The Company shall not be bound to register more than four persons as the holders of any shares.
- b. The joint-holders of shares shall be liable severally as well as jointly in respect of all payments, which ought to be made in respect of such share.
- c. On the death of any one of such joint holders, the survivor or survivors shall only be person or persons recognized by the Company as having any



title to such share, but the Directors may require such evidence of death as they may deem fit.

- d. Any one of such joint holders may give effectual receipts for the whole of any dividend payable to such joint holders.
- e. Only the person whose name stands first in the register as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint-holders.

**21. Company not bound to issue more than one certificate**

In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate for shares to one of the several joint-holders shall be sufficient delivery to all such holders.

**22. Company to treat registered owner as absolute owner**

Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not except as ordered by a court of competent jurisdiction or as by statute required be bound to recognize any benami or equitable or other claim to or interest in such share on the part of any other persons.

**CALLS**

**23. Board may make calls**

The Board may, from time to time, (by a resolution passed at a meeting of the Board and not by circular resolution) but subject to the condition hereinafter mentioned in Articles 24 to 34 make such calls as they may think fit, upon the members in respect of all moneys unpaid on the shares held by them, respectively (whether on account of the nominal value of shares or by way of premium and which are not, by the conditions of the allotment thereof, made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the times appointed by the Board. A call may be made payable by installments.

**24. Notice to Call**

At least thirty days notice of any call shall be given by the Company specifying the time and place of payment and the person to whom such call shall be paid.

**25. Call when deemed to have been made**

A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed or at the discretion of the Board on such subsequent date as shall be fixed by the Board and may be made payable by the members whose names appear in the register of members on such date.



**26. Directors may extend time of call**

The Board may, from time to time, at its discretion extend the time fixed for the payment of any call or change the place where the calls to be paid and may extend such time as to all or any of the members who on account of residence being at a distance or some other cause, may be deemed fairly entitled to such extension but no member shall, as a matter of right, be entitled to such extension, save as a matter of grace and favor.

**27. Revocation of Calls**

A call may be revoked or postponed at the discretion of the Directors

**28. Payment of interest on non-payment of call**

- a. If any member fails to pay any call due from him on the day appointed for payment thereof of any such extension thereof as aforesaid, he shall be liable to pay interest for the same from the time appointed for the payment thereof to the time of actual payment at the rate not exceeding twelve percent per annum.
  
- b. The Board shall be at liberty to waive payment of any such interest either wholly or in part.

Nothing in this Articles shall be deemed to make it compulsory for the Board to demand or recover any interest from any such member.

**29. Judgment decree or partial payment not preclude forfeiture**

Neither the receipt by the Company of any money which shall, from time to time, be due from member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Court in respect of the government of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such share such as hereinafter provided for non-payment of the whole or any balance due in respect of the shares.

**30. Amount payable at fixed time or by installments**

If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, (whether on account of the amount of the share or by way of premium), every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions therein contained in respect of call shall relate to such amount of installment accordingly.

**31. Interest on advance payment of calls**

The Board of Directors, may, if it thinks fit, subject to the provisions of Section 92 of the Act, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon and shares held by him and upon all or any of the moneys so advanced may (until the same should, but for such



advance, become payable) pay interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, nine percent per annum, or as may be agreed upon between the Board and the member, paying the sum in advance, but shall not in respect of such advances confer a right to the dividend or to participate in profits or to any voting rights.

**32. Proof for money due on shares**

Subject to the provisions of the Act, and these Articles, for recovery of any money claimed to be due for any call, it shall be sufficient to prove that the name of the member is entered in the Register of Members as the holders of the shares in respect of which such debt accrued that the resolution making the call is duly recorded in the minutes book and that notice of such call was duly given to the member or his legal representative in pursuance of these presents and it shall not be necessary to prove the appointment of the Director who made such call nor that the meeting at which any call was made, convened or constituted nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive proof of the debt.

**33. Liability of joint owners**

The joint owners of any share shall be severally as well as jointly liable for the payment of installment of all calls and other payments due in respect of such shares.

**34. Revocation of call**

Every member, his executors or administrators shall pay to the Company the proportion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon in such amounts at time or times and in such manner as the Directors shall, from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

**TRANSFER AND TRANSMISSION OF SHARES**

**35. Instrument of transfer**

The instrument of transfer of any share shall be in writing and in such form as shall, from time to time be permissible to be used under the relevant provisions of the Act, in that behalf.

**36. Specific instrument for each class**

Separate instrument of transfer shall be executed for each class of shares.

**37. Execution of transfer**

- a. The Company shall not register transfer of shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor as well as the transferee and specifying the name and address and occupation, if any, of the transferee has been delivered to the



Company, along with the Certificate relating to the shares and the transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the Register of Members in respect thereof. All the provisions of Section 108 of the Companies Act, for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof.

- b. Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is provided to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit.

**38. Fee for transfer**

No fees shall be charged for transfer of shares/debentures or for effecting transmission or for registering any letters of probate letters of administration and similar other documents.

**39. Notice to transferee when application made by transferor**

Where an application for transfer is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee by prepaid registered post and in accordance with the provisions of Section 110 of the Act. The Directors may, unless objection is made by the transferee, within two weeks from the date of receipt of the notice enter the name of transferee in the Register of Members in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

**40. Transferor holder till transferee's name entered in register**

The transferor shall be deemed to remain the holder of such share (or shares) until the name of the transferee is entered in the Register of Members in respect thereof.

**41. Power of refusal to transfer shares**

Subject to the provisions of Section 111 of the Act, the Board may, on behalf of the Company and as its own absolute and uncontrolled discretion after giving reasons, decline to register any transfer of or transmission by operation of law of the right to a share, whether fully paid up or not (notwithstanding that the proposed transferee is already a member) and may also decline to register any transfer of shares on which the Company has lien.



**42. Board to return the instrument in case of rejection of transfer**

All the instruments of transfer, which shall be registered, shall be retained by the Company, but any instrument of transfer which the Board may decline to register shall be returned to the person depositing the same.

**43. Notice of refusal**

In case of refusal to register the transfer of any partly paid share or shares on which the Company has no lien, the Board shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor a notice of refusal provided that the registration of a transfer shall not be refused on the grounds of the transferor being either alone or jointly with any other person(s) indebted to the Company on any account whatsoever.

**44. Closure of Register of Members and Register of Debenture holders**

The Directors shall have power to close the transfer books and the Register of members and the Register of Debenture holders at such time, or times for such period or periods, not exceeding in the aggregate of forty five days in each year but not exceeding thirty days at one time as may seem expedient to them, by giving not less than seven days notice by advertisement in any newspaper circulating in the district in which the Registered Office of the Company is situated.

**45. Transmission clause**

In case of death of any one of the persons named in the Register of Members as the joint-holders of any shares, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.

**46. Transmission of Shares**

The executors of or administrators of a deceased member not being one of two or more joint-holders shall be the only persons recognized by the Company as having any title to the shares registered in the name of such members, and the Company shall not be bound to recognize such executors or administrators unless such executors or administrators shall have first obtained probate or Letters of Administration, as the case may be, from a duly constituted Court in India, provided that in any case, where the Directors, in their absolute discretion think fit, they may dispense with the production of probate or Letters of Administration and under the next Article, register the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased member, as a member.



**47. Board may require evidence of transfer and transmission**

Any person becoming entitled to a share in consequence of the death, lunacy, bankruptcy or insolvency of any member or marriage of any female member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of Directors (which they shall not be under any obligation to give), upon producing of the grant of probate or Letters of Administration or Succession Certificate or other evidence acceptable to the Board that he sustains the character to respect of which he proposes to act under this Articles or of his title, the Board thinks sufficient, may either register himself as the holder of the shares or elect to have some persons nominated by him and approved by the Board registered as such holder, provided nevertheless that if such person shall elect to have a nominee registered. He shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and until he does, he shall not be free from liability in respect of the shares.

**48. Board's right to refuse transmission**

The Directors shall have the same right to refuse to register a person entitled by transmission of any share or his nominee as if he were the transferee named in an ordinary instrument of transfer presented for registration.

**49. No liability of the Company giving effect of transfer inspite of notice received prohibiting registration of transfer**

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner therefor (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest in the same share notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend to give effect to any notice which may be given to it any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting to do so though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless be at liberty to regard and attend to such notice and give effect thereto if the Board shall so think fit.

**50. Buy back of shares/securities**

The Company is permitted to buy back its shares/ securities in accordance with the provisions of Sections 77A, 77AA and 77B and such other applicable provisions of the Companies Act, 1956 and as per rules and procedures prescribed therein and compliance with the existing regulating provisions and any future amendments or enactments as may be issued from time to time by the Government or any regulating authorities.



## CONVERSION OF SHARES INTO STOCK

### 51. Conversion of Shares into stock and vice versa

The Board may, with the sanction of the Company by ordinary resolution, convert all or any of its fully paid-up shares of any denomination into stock and may with the like sanction reconvert any stock into paid-up shares of any denomination.

### 52. Right to stock holders

The holder of stocks may transfer the same or any part thereof in the same manner and subject to the same regulations under which the shares from which the stock arose might before the conversion have been transferred or as near thereto as circumstances admit; but the Board may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum but the minimum shall not exceed the nominal amount of the shares from which the stock arose.

### 53. Privileges of stock holders

The stock shall confer on the holders thereof respectively the same privileges and advantages, as regards participation in profits and voting at meetings of the Company and for other purposes, as would have been conferred by shares of equal amount in the Capital of the Company, but so that none of such privileges or advantages, except that of participation in profits of the Company shall be conferred by any such aliquot part of consolidated stock as would not, if existing in shares, have conferred such privileges or advantages. And save as aforesaid, all the provisions herein contained shall so far as circumstances will admit, apply to stock as well as to shares. No such conversion shall affect or prejudice any preference or other special privileges.

### 54. Terms of issue of share warrants

Such of the regulations of the Company (other than those relating to share warrants) as are applicable to paid-up shares, shall apply to stock and the words, 'share' and 'shareholder' in those regulations shall include 'stock' and 'stockholder' respectively; such of the regulations stated herein above as are applicable to paid-up shares shall be equally applicable to conversion of Preference Shares into Equity and vice versa.

### 55. Dematerialisation / Rematerialisation of shares

The Company shall be entitled to dematerialize the existing shares/ debentures and other securities held in the depository and or offer its fresh shares and debentures and other securities in a dematerialized form pursuant to the Depository act, 1996 and the rules, if any, framed there under.



Every person subscribing to the securities offered by the Company and every member or debenture holder shall have the option to hold the securities in the form of Security Certificate or to hold the securities with a depository when permitted.

Where any holder of securities surrenders his Certificate of Securities held in the Company in accordance with Section 6 of the Depository Act, 1996, and the Securities and Exchange Board of India (Depositories and participants) Regulations, 1996 the Company shall cancel the name of the relevant depository and inform the depository accordingly.

The Company shall maintain a record of certificates of securities that have been dematerialized and destroyed.

Such person who holds their securities with the depository can at any time opt out of the depository, if permitted by law, and the Company shall in such manner and within such time as prescribed by law issue to such person the requisite Certificate of Securities by Rematerialisation.

## SHARE WARRANT

### 56. Shares include stock

The Company may issue share warrants with the previous approval of Central Government and subject to and in accordance with the provisions of Section 114 and 115 of the Act and subject to the provisions of the Foreign Exchange Management Act, 1999 and accordingly the Board may in the discretion, with respect to any share which is fully paid-up on application in writing signed by the person registered as the holder of the shares and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application and on receiving the certificate (if any) of the share and the amount of stamp duty on the warrant and such fee as the Board may, from time to time require, issue under the Company's Seal a warrant duly stamped stating that the bearer of warrant is entitled to the shares therein specified and may provide coupons or otherwise for the payments of dividends or other moneys on the shares included and specified in the share warrant.

### 57. Effect of issue of the warrant

On the issue of a share-warrant the Company shall strike off in the Register of Members the name of the member entered therein as holding the shares or stock specified in the warrant as if he had ceased to be a member and shall enter in the register the following particulars, namely:

- a. The fact of the issue of the share warrant;
- b. A statement of the share or stock included in the warrant distinguishing each share by its number; and



- c. The date of the issue of share warrants

**58. Right of the bearer of share warrants**

A share warrant shall entitle the bearer to the shares included in it and the shares may be transferred by the delivery of the share warrant and the provisions of the Articles of Association of the Company with respect to transfer and transmission of shares shall not apply thereto.

**59. Right of the holder of share warrant to call meeting**

- a. The bearer of the share warrant may at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising other privileges of a member at any meeting held after the expiry of two clear days from time of deposit, as if his name was inserted in the Register of members as the holder of the shares included in the deposited warrant
- b. Not more than one person shall be recognized as depositor of the share warrant.
- c. The company shall, on two days' written notice, return the deposited share warrant to the depositor.

**60. Privilege of holder of share warrant**

Subject to provisions as hereinbefore otherwise expressly provided in Article 57, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company and attend or vote or exercise any other privilege of a member at a meeting of the Company or be entitled to receive any notice from the Company; but the bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of members as the holder of the shares included in the warrant and he shall be a member of the Company.

**61. Effect of surrender of share warrant**

The Board may from time to time make rules if it shall think fit as to the terms on which a new share-warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

**62. Renewal of Share Warrant**

The bearer of a share warrant shall, subject to the Articles of the Company be entitled, on surrendering the warrant to the Company for cancellation, and on payment of such sum as the Board may from time to time prescribe, be entitled to have his name entered as a member in the Register of members in respect of the shares specified in the warrant.



## LIEN ON SHARES

### 63. Lien on Shares

Subject to the provisions of the Act, the Company shall have a first paramount lien on all the shares including fully paid-up shares registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys called or payable at a fixed time in respect of such shares whether period for the payment, fulfillment or discharge thereof shall have actually arrived or not and no equitable interest in any shall be created except upon the footing and condition that this Article is to have full effect. And such lien shall extend to all dividends and bonus from time to time declared in respect of such shares, unless otherwise as a waiver of the Company's lien, if any, on such shares. The Directors may, at any time, declare any shares wholly or in part to be exempt from the provisions of this clause.

### 64. Enforcing Lien on shares

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until a notice in writing of the intention to sell has been served on such member or the person (if any) entitled to the transmission to the shares or his representative and default has been made by him in payment of moneys called or payable at a fixed time or in fulfillment of discharge of such debts, liabilities or engagements in respect of such shares for fourteen days after such notice. To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof.

### 65. Application of proceeds of sale

The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards satisfaction of such debts, liabilities or engagements of such members and the balance shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale be paid to such member, his legal representative or assigns or the person (if any) entitled by transmission to the shares so sold.

## FORFEITURE OF SHARES

### 66. Notice may be given for non-payment of call or installment

If any member or his legal representative as the case may be fails to pay the whole or any part of any call or installment or any money due in respect of any shares either by way of principal or interest on call or before the days appointed for the payment of the same or any such extension thereof, the Board may at any time thereafter, during such time as the call or installment or any part thereof and other moneys remaining unpaid or a judgement or decree in respect thereof remaining unsatisfied in whole or in part, serve a notice on such member or his legal representative or the person (if any) entitled to the share by transmission or



if none, then by way of advertisement in a newspaper circulating in the district where the Registered Office of the Company is situated, requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have been incurred by the Company by reason of such non-payment.

**67. Form of Notice**

The notice shall name a day (not being less than fourteen days from the date of service of the notice) and a place or places at which such call or installment or such part and other moneys if any and such interest expenses as aforesaid are to be paid and if payable to any person other than the Company, the person to whom such payment is to be made. The notice shall also state that in the event of the non-payment before the time and at the place appointed, the shares in respect of which the call was made, or installment is payable will be liable to be forfeited.

**68. If notice not complied with, shares to be forfeited**

If the requirements of any such notice as aforesaid have not been complied with, every or any shares in respect of which such notice has been given, may at any time thereafter before the payment of all calls or installments, interest and expenses and other dues in respect thereof be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus shares if any declared in respect of the forfeited shares and not actually paid before the forfeiture.

**69. Entry of forfeiture in the Register of Members**

When any share has been so forfeited, notice of the resolution, shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

**70. Share forfeited to be the property of the Company**

Any share so forfeited under these Articles shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

**71. Effect of forfeiture**

The forfeiture of a share shall involve the extension, of all interest in and also of all claims and demands against the Company in respect of the forfeited shares and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.



**72. Member's liability after forfeiture**

- a. Any member whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses and other money owing upon or in respect of such shares at the time of the forfeiture until payment at such rate not exceeding fifteen percent per annum as the Directors may determine and the Directors may enforce the payment thereof if they think fit.
- b. The liability of such person shall cease only when the Company receives payment in full of all such moneys in respect of such forfeited shares.

**73. Surrender of Shares**

The Board of Directors may subject to the provisions of the Act, accept the surrender of any share from or by any member desirous of surrendering by way of compromise of any question as to the holder being properly registered in respect of or on any other terms they think fit.

**74. Title of purchaser and allottees of forfeited share**

- a. Upon any sale after forfeiture or surrender or for enforcing a lien purported to have been exercised by virtue of the powers hereinbefore given, the Board may appoint some persons to execute an instrument of transfer of the shares sold and cause the purchaser's to be entered in the Register of members in respect of the shares sold and the Company may received the consideration if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such shares are sold, re-allotted or disposed of may be registered as the holder of the share and shall not be bound to see the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share and after his name has been entered in the register in respect of such shares, the validity of the sale shall not be impeached by any person. A duly specified declaration in writing that the declarant is a Director or the Secretary of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration shall constitute a good title and shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.
- b. The remedy of any person aggrieved by the sale, re-allotment or other disposal of the shares so forfeited shall be in damages only and solely against the Company.



- c. Upon any sale, re-allotment or other disposal under the provisions of the preceding paragraph, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and shall become null and void and will be of no effect.

**75. Forfeiture by non-payment of other sums**

The provisions as to forfeiture shall apply in the case of non-payment of any sum, which by the terms of issue of share, becomes payable at fixed time, whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of call duly made and notified.

**76. Issue of new share certificate for share forfeited**

Where any shares are sold, re-allotted or otherwise disposed of according to the provisions herein contained and the certificate thereof has not been delivered to the Company by the former holder of the said shares, the Board or its committee may issue a new certificate for such shares distinguishing them in such manner as they think fit from the certificate not so delivered.

**77. Board may annul forfeiture**

The Board may at any time before any share so forfeited shall have been sold, re-allotted or other disposed of, annul forfeiture thereon on such conditions as they think fit or they may assign a smaller number of shares in respect of the paid-up value of forfeited shares.

**NOTICE**

**78. Notice by members**

Every member shall leave in writing at the Registered Office of the Company his address in India and will also intimate to the Company any change therein from time to time. Such address for all purposes shall be deemed to be his proper address.

**79. Authority to issue Notice**

Any notice to be given by the Company shall be signed by such officer as may be authorized by the Board and the signature thereto may be written, printed, facsimiled, lithographed or stamped.

**80. Contents of Notice**

Every notice of meeting of the Company shall specify the type of meeting, the place and the date and hour of meeting, and shall contain:

- a. a statement of business to be transacted thereat



- b. a statement with reasonable prominence that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member; and
- c. an explanatory statement setting out all material facts concerning each item of special business in accordance with Section 173 of the Act to be transacted at the meeting including in particular, the nature of concern, or interest if any, therein of every Director and the Manager, provided that where any item of special business to be transacted at a meeting of the Company relates to, or affects, any other company, the extent of shareholding interest in that other company of every Director and the Manager of the Company shall be set out in the explanatory statement if the extent of such shareholding interest is not less than 2% of the paid-up capital of that other Company; provided further where any item of business to be transacted at the meeting of the Company consists of according the approval of the meeting to any document the time and place where such document can be inspected shall be specified in the explanatory statement.

**81. Manner of service of notice**

Notice of every meeting shall be given to every member of the Company in any manner authorized by Sub-Section (1) to (4) of Section 53 of the Act and by these Articles.

**82. Notice to joint holders**

In case of joint-holders, all notices shall be addressed and given to the holder whose name appears first in the Register of members and the notice so given shall be sufficient notice to all the joint-holders.

**83. As to omission to give Notice**

- a. Notice to members of the Company will be served in the manner prescribed in Article 79.
- b. The accidental omission to give notice of any meeting to or the non-receipt of any notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting or the resolution passed thereat as per the provisions of Section 172(3) of the Act.

**84. Notice for a General Meeting of the Company**

- a. A general meeting of the Company may be called by giving not less than 21 days' notice in writing.
- b. A general meeting may be called after giving shorter notice than specified above, if consent is accorded thereto:
  - i) in the case of an Annual General Meeting by all the members entitled to vote thereat; and



- ii) in case of any other meeting, by members of the Company holding not less than 95 percent of such part of the paid-up capital of the Company as gives a right to vote at the meeting. Provided that where any members of the Company are entitled to vote only on some resolution to be moved at a meeting and not on the others, those members shall be taken into account for the purpose in respect of the former resolution or resolutions and not in respect of the latter.
- c. The Board may, after giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the Registered of the Company is situated, close the Register of members or the Register of debenture-holders for any period or periods not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time.

**85. Notice in respect of shares entered in Register**

Every person, who by operation of law, by transfer or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such shares which, previous to his name and address having been entered on the Register, would have been duly given to the person from whom he derives his title to such share.

**86. Service of notice by members**

All notices to be given to the Company by the members shall be delivered at or sent by registered post to the Registered Office of the Company.

### MEETINGS OF THE SHAREHOLDERS

**87. Annual General Meeting**

The Annual General Meeting shall be held in accordance with the provisions of Section 166 of the Act and shall be called at a time during business hours, on a day that is not a public holiday and shall be held either at the Registered Office of the Company or some other place within the city, town, or village in which the Registered Office of the Company is situated, as the Board may determine and the Notice calling the meeting shall specify it as the Annual General Meeting.

**88. Board to call Extraordinary General Meeting**

A General Meeting of the shareholders may be called by the Board whenever and wherever they think fit. All meetings of the shareholders other than Annual General Meeting convened by the Company shall be called Extraordinary General Meeting.

**89. Extraordinary General Meeting**

General Meeting called in pursuance of a requisition of members under the Act will also be called as extraordinary General Meetings.



**90. Board to call Extraordinary General Meeting.**

The Directors shall on the requisition of members of the Company representing not less than one-tenth of the issued share capital of the Company upon which all calls or other sums then due have been paid forthwith proceed to call an Extraordinary General Meeting of the Company in and in the case of such requisition the following provisions shall have effect:

- a. Any valid requisition so made by a member or members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Registered Office of the Company provided that such requisition may consist of several documents, in like forms each signed by one or more requisitionists.
- b. If Board does not proceed to call a meeting within twenty one days from the date of deposit of the requisition, the requisitionists or a majority of them in value may themselves convene the meeting but in either case any meeting so called shall be held within three months from the date of the deposit of the requisition as aforesaid.
- c. If at any such meeting resolution requiring confirmation of another meeting is passed the Directors shall forthwith call another general meeting for the purpose of considering the resolution and, if thought fit, of confirming it and if the Directors do not call the meeting within seven days from the date of passing of the first resolution the requisitionists or a majority of them in value may themselves call the General Meeting.
- d. Any meeting called by the requisitionists shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board and shall be held at the Registered Office of the Company.

**91. Passing of Resolution by Postal Ballot**

A listed public company and in the case of resolutions relating to such business as the central Government, may by notification, declare to be conducted only by postal ballot, instead of transacting the business in general meeting of the Company adhering to the provisions and procedures laid down u/s 192 A of the Act read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

**QUORUM**

**92. Quorum at General Meeting**

The quorum for a general meeting of the Company shall be five members present in person. If within half an hour from the time appointed for the meeting a quorum of members shall not be present, the meeting if convened by or upon the requisition of members shall stand dissolved, but in any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such time and place as the Board may determine and if no such time and place be determined, to the same day in the next week, at the same time and place. If at such adjourned meeting, a quorum is not present the members



present shall be the quorum for that meeting and they may transact the business for which the meeting was cancelled.

## CHAIRMAN

### 93. Chairman of General Meeting

The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting, whether ordinary or extra ordinary, or if there be no such Chairman or if at any meeting he is not present within 15 minutes of the time appointed for holding such meeting or if he declines to take the chair, the members present shall elect another Director as Chairman and if no such Director be present, or if all the Directors present decline to take the chair, members present shall elect one of their members to be the Chairman of the meeting.

### 94. Business confined to election of Chairman whilst the chair is vacant

- a. No business shall be discussed at any general meeting except the election of a Chairman whilst the chair is vacant.
- b. If a person other than the previous Chairman is elected as Chairman, as a result other poll, he shall be Chairman for the rest of the meeting.
- c. Any candidate for the office of Chairman should not preside over the election and where an outgoing Chairman seeks re-election, he should vacate the chair pending the election, unless on a show of hands he is re-elected without any controversy.

### 95. Chairman may adjourn meeting

The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting which the adjournment took place.

### 96. Manner of taking votes

The resolutions shall be decided by votes taken in the manner as prescribed by Sections 177 to 185 of the Act

### 97. Demand for poll not to prevent transaction of other business

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the business on which a poll has been demanded except on questions of the election of the Chairman and of an adjournment.

### 98. Demand for poll

A poll may be ordered to be taken by the Chairman of the meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by the person or persons specified in Section 179 of the Act, read with



provisions u/s 179 to 185 of the Act. It shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

**99. Time and manner of taking poll**

- a. If a poll is demanded as aforesaid, the same shall, subject to Article 95 be taken at such time not later than 48 hours from the time when the demand was made, and at such place, and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or after adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

**Scrutineers at poll**

- b. Where a poll is to be taken, the Chairman of the meeting shall appoint two Scrutineers. Of the two scrutineers appointed under this Article, one shall always be a member (not being an officer or employee of the Company) present at the meeting provided such member is available and willing to be appointed and to scrutinize the votes given on the poll and to report thereon to him. The Chairman shall have power at any time before the result of the poll is declared to remove a Scrutineer from office and fill up the vacancy in the office of Scrutineer arising from such removal or from any other cause.

**100. Questions at General Meeting how decided**

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) ordered to be taken by the Chairman of the meeting of his own motion or is demanded by any member or members present in person or by proxy or power of attorney and holding shares in the Company:

- a. Which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution; or
- b. On which an aggregate sum of not less than a sum as specified by statute has been paid up. Unless a poll is so ordered or demanded, a declaration, by the Chairman that a resolution has on a show of hands, been carried unanimously or by the required majority or lost, and an entry to that effect in the minutes books of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.



**101. Chairman's casting vote**

In the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll, (if any) have a casting vote in addition to the vote or votes to which he may be entitled as member.

**VOTE OF SHAREHOLDERS**

**102. Members who owe sum on any call not to vote**

No member shall be entitled to vote in respect of any shares registered in his name whether singly or jointly with either personally or by proxy at meetings of class or members or upon a poll, on which any calls or sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

**103. Number of votes to which member entitled**

- a. Every member not disqualified by the preceding Articles shall be entitled to be present and to speak and vote at such meeting, and on a show of hands every member present in person or by proxy shall have one vote and upon a poll every member present in person shall one vote for every share held by him either alone or jointly with any other person or persons.
- b. The holders of the Cumulative Preference shares shall have no right to vote either in person or by proxy at any general meeting by virtue of or in respect of their holding of Cumulative Preference Shares except that they shall have a right to vote:
  - i) On a resolution placed before the Company, which directly affects the rights attached to the preference shares.
  - ii) If the dividend due on such capital or any part of such dividends has remained unpaid in respect of an aggregate period of not less than two years preceding the date of the commence of the meeting.
- c. Subject as aforesaid every member when present in person shall have one vote on a show of hands and when present in person or by proxy shall have one vote in the event of a poll in respect of shares held by him in the capital of the Company.

**104. How member non-compos mentis and minor may vote**

The right to exercise the vote of lunatic, idiot or a minor shareholder shall be exercised by the duly constituted curator, committee or other legal guardian. In the absence of any such duly constituted curator, committee or guardian, if more than one person claim to exercise the right of vote, the Chairman of the meeting may accept the vote of such guardian only as he may select in his absolute discretion



- a. A member who is of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
- b. If any member be a minor, the vote in respect of his share shall be exercised by his guardian, or by any one of his guardians, if more than one, in case of dispute, however, the Chairman of the meeting may accept the vote of such guardian as he may select in his absolute discretion.

#### 105. Vote of Joint Holders

In case of joint-holders, the vote of the senior who tenders vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint-holders. For this purpose seniority shall be determined by the order in which the name stand in the Register of Members.

- a. If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto and the proxy so appointed shall have the right to speak at the meeting; and
- b. If more than one of such joint-holders be present at any meeting, then one of the said persons so present, whose name stands first on the Register of members, shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand, shall, for the purpose of these Articles, be deemed as joint-holders thereof.

#### 106. Appointment of proxy

- a. A member entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself, but a proxy so appointed shall not have any right to speak at the meeting or to vote except on poll.
- b. Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a Corporation, under the common Seal of such corporation or the hand of its attorney, who may be the appointee, and any committee or guardian may appoint such proxy. The proxy shall not have the right to speak at the meeting.



#### 107. Instrument of Proxy

The instrument appointing a proxy shall be in writing and be signed by the appointer or his attorney duly authorized in writing, or in the case of a lunatic, idiot, or minor, by the curator, committee or guardian, if any, or if such appointer is a body corporate,

- a. Be under its Common Seal, or
- b. Be signed by an officer or an attorney duly authorized in this behalf; or
- c. Be signed by the person, if any, authorized pursuant to Section 187 of the Act, to act as its representative.

#### 108. Form of proxy

Every instrument of proxy, whether for a specified meeting or otherwise, shall be, as near as circumstances will admit, in any of the forms set out in Schedule IX of the Act and shall contain proper identification of the non member proxy-holder by verification of his specimen signature on the proxy by the member concerned.

#### 109. Instrument of proxy to be deposited at office

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarily certified copy of that power of attorney or authority shall be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding meeting at which the person named in the instrument proposes to vote, and in default thereof the instrument of proxy shall not be treated as valid.

#### 110. Instrument of proxy to remain in Company's custody

If any such instrument of appointment be confined to the object or appointing an attorney or proxy substitute, it shall remain permanently or for such times as the Directors may determine, in the custody of the Company. If it embraces other objects, a certified copy thereof shall be delivered to remain in the custody of the Company.

#### 111. Validity of votes given by proxy notwithstanding the death or insanity of members

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Principal, or revocation of the proxy or of any power of attorney under which such proxy or the power of attorney was signed, or the transfer of the shares, in respect of which was signed, or the transfer of the share, in respect of which the vote is



given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the Registered Officer of the Company before the meeting.

## XVIII. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

### Material Contracts:

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Information Memorandum) which are or may be deemed material have been entered or to be entered into by the Company. The material contracts and also the other documents for inspection referred to hereunder, may be inspected at the Company's registered office at TCP, Sapthagiri Bhavan, No. 4, Karpagambal Nagar, Mylapore, Chennai, Tamil Nadu, India, PIN Code - 600 004, for inspection on any working day (i.e. Monday to Friday and not being a bank holiday in Chennai) from 2.00 P.M. to 5.00 P.M. from the date of the Information Memorandum until listing.

### Documents for Inspection:

#### A. Material Contracts : Nil

#### B. Other Documents for Inspection:

- Memorandum of Association and Articles of Association, as amended till date, along with the Certificate of Incorporation and the Certificate of Commencement of Business issued by ROC.
- The Order of Hon'ble High Court of Madras dated 22<sup>nd</sup> April 2010, sanctioning the Scheme along with a copy of the Scheme.
- Letters of approval issued by BSE and MSE dated 19<sup>th</sup> January, 2010 and 20<sup>th</sup> January, 2010 respectively, according their 'No Objection' to the Scheme.
- Acknowledgement from ROC for filing of Scheme on 08<sup>th</sup> May, 2010.
- Return of allotment filed by the Company for allotment of Equity Shares pursuant to the Scheme.
- Copies of Tripartite Agreements dated 28<sup>th</sup> May, 2010 executed by the Company with the STA and NSDL.
- Memorandum of Understanding dated 15<sup>th</sup> April, 2010 with the STA.
- Annual Reports containing the Audited Accounts of the Company for the financial years ended on 31<sup>st</sup> March 2008 & 31<sup>st</sup> March 2009.
- Board Resolutions dated 12<sup>th</sup> May, 2010 for appointment of Managing Director.



## XIX. DECLARATION

No statement made in the Information Memorandum contravenes any of the applicable provisions of the Act and the rules made there under. All the applicable legal requirements connected with the issue of Equity Shares in terms of the Scheme as also the guidelines, instructions etc., if any, issued by SEBI, government and any other competent authority in this behalf have been duly complied with.

All the disclosures and information contained in this document is true and correct.

On behalf of the Board of  
Binny Mills Limited



V. Rajasekaran  
Managing Director

Place: Chennai

Date: 30<sup>th</sup> June, 2010