

## Binani Cement Limited

(Subsidiary of Binani Industries Limited)

Binani

### BOARD OF DIRECTORS

Mr. Braj Binani	Chairman
Mr. S. Padmakumar	
Mr. Sushil Bhatler	
Mr. D. Sundararajan	Executive Director
Mr. Arun Singnapurkar	Whole time Director (till 8.7.2006)
Mr. P. Sheoran	Wholetime Director (from 27.07.2006)
Mr. Bradley Landes	(till 11.06.2006)
Mr. Sanjai Vohra	(from 11-06-2006)
Dr. V.C. Shah	
Mr. V. Subramanian	

### CHIEF FINANCIAL OFFICER

Mr. M. K. Chattopadhyaya

### COMPANY SECRETARY

Mr. Atul P. Falgunia

### AUDITORS

M/s. Deloitte Haskins & Sells

M/s Kanu Doshi Associates

### BANKERS

Punjab National Bank

Dena Bank

Oriental Bank of Commerce

State Bank of Indore

Jammu & Kashmir Bank Limited

### AUDIT COMMITTEE

Mr. S. Padmakumar

Dr. V.C. Shah

Mr. V. Subramanian

Mr. Sushil Bhatler

### LOCATIONS

#### Registered Office:

706, Om Tower,  
32, Chowringhee Road,  
Kolkata – 700 071

#### Corporate Office :

Mercantile Chambers,  
12, J.N. Heredia Marg,  
Ballard Estate, Mumbai – 400 001

#### Mumbai Office:

Feltham House, 1<sup>st</sup> Floor,  
10, J.N. Heredia Marg,  
Ballard Estate, Mumbai – 400 001.

#### Marketing Offices:

1. 703-704, Sakar II Ellisbridge, Ahmedabad - 380006
2. 212-3, Somdutt Chambers -II, 9, Bhikaji Cama Place, Delhi - 110066
3. 40, Gopal Bari, Jaipur – 302001.

#### Works

Binanigram, Pindwara, Dist. Sirohi, Rajasthan - 307025

### SENIOR MANAGEMENT

Mr. I. C. Ahuja	Executive Director (Projects ) Non Board - Mumbai
Mr. Krishan Goenka	Executive V.P. (Logistics)- New Delhi
Mr. R.S. Joshi	Executive V.P. - Jaipur
Mr. Darshan Lal	V.P. (Operations)
Mr. S.L. Parakh	V.P. (Engineering)
Mr. G. M. Nair	V. P. ( H. R.D & Administration )
Mr. M.A. Bohra	Chief Project Manager
Mr. B.M. Khara	V.P. (Marketing)
Mr. K. G. Sharma	V.P. (Marketing)
Mr. Digvijay Singh	V.P. (Marketing)
Mr. S.S. Kothari	A.V.P. (Materials)

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**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 11th Annual General Meeting of the Company will be held at 2.00 p.m. at Kala Mandir, 48, Shakespeare Sarani, Kolkata -700 017 on Monday, the 2<sup>nd</sup> July, 2007 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive and adopt the Directors' Report and Audited Accounts in respect of the year ended 31st March, 2007.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Braj Binani, who, retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S. Padmakumar, who, retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Joint Statutory Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

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

"RESOLVED THAT M/s Haribhakti & Co. Chartered Accountants, 42, Free Press House, 4<sup>th</sup> Floor, 215, Nariman Point, Mumbai – 400021 be and are hereby appointed as Joint Statutory Auditors of the Company in place of M/s Deloitte Haskins & Sells, 12, Dr. Annie Besant Road, Opp. Shivsagar Estate, Worli, Mumbai- 400 018. and to hold office until the conclusion of the next Annual General Meeting of the Company including any adjournment thereof at such remuneration as may be determined by the Board."

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

"RESOLVED THAT Mr. Sanjai Vohra who was appointed as an Additional Director and who, in terms of Section 260 of the Companies Act, 1956 read with Article 85, 85A and Article 89 of the Articles of Association of the Company, holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, along with a deposit of Rs. 500/-, be and is hereby appointed as a Director of the Company liable to retire by rotation".

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT P. Sheoran who was appointed as an Additional Director and who, in terms of Section 260 of the Companies Act, 1956 read with Article 85, 85A and Article 89 of the Articles of Association of the Company, holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, along with a deposit of Rs. 500/-, be and is hereby appointed as a Director of the Company liable to retire by rotation".

"RESOLVED FURTHER THAT subject to the provisions of Sections 198, 269,309,310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if any, the approval of the Company be and is hereby accorded for the appointment of Mr. P. Sheoran, as Wholtime Director designated as President (Works) w.e.f. 1<sup>st</sup> August, 2006 to 31<sup>st</sup> December, 2006 and on revised terms w.e.f. 1<sup>st</sup> January, 2007 to 31<sup>st</sup> December, 2008 on the terms and conditions including remuneration and perquisites as set out in the agreements dated 28<sup>th</sup> July, 2006 and 31<sup>st</sup> January, 2007 entered into between the Company and Mr. P. Sheoran (a copy of which is placed before the meeting) with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreements as the Board of Directors may consider necessary and as may be agreed to by Mr. P. Sheoran within the overall limits as specified in Schedule XIII to the Companies Act, 1956 for the time being in force or any statutory modification or re-enactment thereof and /or any rules or regulations framed thereunder."

"Resolved further that even in the absence or inadequacy of profits in any Financial Year, subject to the approval of the Central Government and such other approvals as may be required, Mr. P. Sheoran be paid the same remuneration as mentioned in the Agreements dated 28<sup>th</sup> July, 2006 and 31<sup>st</sup> January, 2007 as minimum remuneration for the entire tenure or such period as may be approved by the Shareholders of the Company and Central Government ".

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT subject to the provisions of Sections 198, 269, 309,310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals, if any, the approval of the Company be and is hereby accorded for the appointment of Mr. D. Sundararajan, as Wholetime Director designated as Executive Director w.e.f. 1<sup>st</sup> January, 2007 to 30<sup>th</sup> April, 2008 on the terms and conditions including remuneration and perquisites as set out in the agreement dated 28<sup>th</sup> February, 2007 entered into between the Company and Mr. D. Sundararajan (a copy of which is placed before the meeting) with liberty to the Board of Directors to alter and vary the terms and conditions of the said agreement as the Board of Directors may consider necessary and as may be agreed to by Mr. D. Sundararajan within the overall limits as specified in Schedule XIII to the Companies Act, 1956 for the time being in force or any statutory modification or re-enactment thereof and /or any rules or regulations framed thereunder.”

“Resolved further that even in the absence or inadequacy of profits in any Financial Year, subject to the approval of the Central Government and such other approvals as may be required, Mr. D. Sundararajan be paid the same remuneration as mentioned in the Agreement dated 28<sup>th</sup> February, 2007 as minimum remuneration for the entire tenure or such period as may be approved by the Shareholders of the Company and Central Government “.

By Order of the Board of Directors  
**For Binani Cement Limited**

**Atul P. Falgunia**  
Company Secretary

**Date :** 23<sup>rd</sup> April, 2007

**Place :** Mumbai

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.
2. Instruments appointing proxies should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 26<sup>th</sup> June 2007 to Monday, the 2<sup>nd</sup> July 2007 (both days inclusive).
4. Dividend, if declared will be paid to those members whose names appear on the Company's Register of Members on 2<sup>nd</sup> July, 2007 on the paid up capital of the Company as on 31<sup>st</sup> March, 2007. In respect of shares held in electronic form the dividend will be paid to the beneficial owners of shares as on 26<sup>th</sup> June, 2007 as per details furnished by the depositories for the purpose.
5. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 read with Department of Company Affairs Notification F. No. 5/48/2001/CL-V published in Gazette of India Extraordinary Part –II, Section 3, Sub Section (i) dated 16.01.02 in respect of item no. 8 and 9 of the notice are annexed hereto.
6. The documents required under the law will be available for inspection during working hours from 10.00 a.m. to 1.00 p.m. at the Registered Office of the Company on any working day except Saturdays and Sundays prior to the date of the Annual General Meeting.
7. Members are requested to bring their copy of the Annual Report and Attendance Slip duly completed to the Meeting.
8. Members are requested to send all correspondence relating to shares including requests for transfer, change of address, change of status, change of mandate etc to our Share Registrar and Transfer Agents : **M/s Intime Spectrum Registry Limited**, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup ( W ), Mumbai -400 078. In respect of shares held in Dematerialised Mode, the shareholders should inform their concerned Depository Participant only.
9. Members may note that the Company's website is [www. Binani.com](http://www.Binani.com)

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10. The contact telephone numbers and e.mail id of concerned officials of the Company and transfer agents for the purpose of complaints are as under :

Compliance Officer : 022- 22634951-53. ( Mr. Atul P. Falgunia ) e.mail : atul@binani.net

Kolkatta : 033 22882508-09 (Mr. A. Babu) e.mail : binanical@vsnl.net

Intime Spectrum : 022-25963838. (Mr. Rajesh Mishra) e.mail : rajesh.mishra@intimespectrum.com

### **Explanatory Statement under Section 173 (2) of the Companies Act, 1956.**

#### **Item No. 6**

The Company has received letter dated 23rd April, 2007 from one of the existing Joint Statutory Auditors M/s Deloitte Haskins & Sells, 12, Dr. Annie Besant Road, Opp. Shivsagar Estate, Worli, Mumbai - 400 018 informing that they do not desire to continue as the Statutory Auditors of the Company after the ensuing Annual General Meeting. M/s Haribhakti & Co., Chartered Accountants, 42, Free Press House, 4th Floor, 215, Nariman Point, Mumbai - 400 021 have accorded their willingness to act as the Statutory Auditors of the Company and have given their consent and certificate under Section 224(1) of the Companies Act, 1956. It is therefore proposed to appoint them as Statutory Auditors in place of M/s Deloitte Haskin & Sells.

The Directors recommend this resolution for your approval. None of the Directors is in any way concerned or interested in the Resolution.

Letter of M/s Deloitte Haskins & Sells and consent from M/s Haribhakti & Co. to act as Auditors of the Company was available for inspection by the members of the Company at the Registered Office of the Company.

#### **Item No. 7**

Mr. Sanjai Vohra was appointed as Additional Director [as nominee of M/s JPMorgan Special Situations (Mauritius) Limited vide their letter dated 11<sup>th</sup> June 2006 ] of the Company by the Board of Directors at their meeting held on 27<sup>th</sup> July 2006 and he would hold office upto the date of this Annual General Meeting. The Company has received notice from a member of the Company alongwith a deposit of Rs. 500/- proposing his appointment as regular Director of the Company.

Your Directors recommend appointment of Mr. Sanjai Vohra as Director of the Company.

None of the Directors is in any way concerned or interested in this resolution except Mr. Sanjai Vohra to the extent of his appointment.

#### **Item No. 8**

Mr. P. Sheoran was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 27th July, 2006 and he would hold office upto the date of this Annual General Meeting. The Company has received notice from a member of the Company alongwith a deposit of Rs. 500/- proposing his appointment as Director of the Company.

Mr. P. Sheoran has also been appointed as Whole-time Director designated as President (Works) of the Company for the period from 1<sup>st</sup> August, 2006 to 31<sup>st</sup> December, 2006 and on revised terms from 1<sup>st</sup> January, 2007 to 31<sup>st</sup> December, 2008. The salient features of the appointment are as under:

1. Mr. P. Sheoran be appointed as Wholetime Director designated as "President (Works)" of the Company with effect from 1<sup>st</sup> August, 2006 to 31<sup>st</sup> December, 2006 and on revised terms from 1<sup>st</sup> January, 2007 to 31<sup>st</sup> December, 2008.
2. Salary: Rs.2,55,000/- (Rupees Two Lakh Fifty Five Thousand only) per month (Rs. 2,30,000 upto 31-12-2006).

The Basic Salary will be revised in the month of January, 2008 by an increment not exceeding 10% or such amount as may be determined by the Chairman.

3. Perquisites:

#### **Category – A**

1. Housing : Furnished Residential Accommodation will be provided.
2. Medical Reimbursement : 10% of the Basic Pay or such sum as applicable to M-0 grade of the Company from time to time\*
3. Medical & Group Insurance : As per the rules as applicable to M- 0 grade of the Company from time to time\*
4. Leave Travel Concession : One Month's Basic Salary per annum.

\* (E-1 grade upto 31st December, 2006)

**Category - B**

1. Provident Fund : 12% of Basic Pay
2. Gratuity : As Applicable
3. Leave : Leave with full salary as per rules of the Company. The leave accumulated but not availed may be encashed at the end of the tenure.

**Category – C**

1. Car : Company maintained car (without driver will be provided). All expenses of car for private purposes will be reimbursed to the Company at actuals.
2. Telephone : All personal STD calls to be reimbursed.

It is proposed to pay him the same remuneration as minimum remuneration even in the absence or inadequacy of profits subject to necessary approvals and hence the Special Resolution as set out in item 8 of the notice is proposed in terms of notification no.F.No.5/48/2001-CL(v) dated 16/01/2002. As on date the Company is a profit making Company and the Special Resolution is proposed as a measure of abundant caution.

Your Directors recommend the resolution for your approval. None of the Directors is in anyway concerned or interested in this resolution except Mr. P. Sheoran to the extent of his appointment.

**Item No. 9**

Mr. D. Sundararajan had been appointed as Whole-time Director designated as Executive Director of the Company for the period from 1<sup>st</sup> January, 2007 to 30<sup>th</sup> April, 2008 on the revised remuneration. The salient features of the appointment are as under:

1. Mr. D. Sundararajan be appointed as Wholetime Director designated as Executive Director of the Company with effect from 1<sup>st</sup> January, 2007 to 30<sup>th</sup> April , 2008.
2. Salary : Rs.5,00,000/- (Rupees Five Lakh only) per month.
3. Perquisites:

**Category – A**

1. Driver & Fuel : Rs. 40, 000 per month.
2. Leave Travel Concession : One Month's Basic Salary per annum.

**Category - B**

1. Provident Fund: Nil
2. Gratuity : Nil.
3. Leave : Leave with full salary as per rules of the Company. The Leave accumulated but not availed may be encashed as per the rules as applicable to M -0 grade of the Company from time to time.

**Category – C**

1. Other Allowance : Perquisites as applicable to M-0 grade of the Company while traveling on official tours either in India or abroad.

It is proposed to pay him the same remuneration as minimum remuneration even in the absence or inadequacy of profits subject to necessary approvals and hence the Special Resolution as set out in item no.9 of the notice is proposed in terms of notification no.F.No.5/48/2001-CL(v) dated 16/01/2002. As on date the Company is a profit making Company and the Special Resolution is proposed as a measure of abundant caution.

Your Directors recommend the resolution for your approval. None of the Directors is in anyway concerned or interested in this resolution except Mr. D. Sundararajan to the extent of his appointment.

By Order of the Board of Directors  
**For Binani Cement Limited**

**Atul P. Falgunia**  
Company Secretary

**Date** : 23rd April, 2007

**Place** : Mumbai

# Binani Cement Limited

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## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eleventh Annual Report of the Company along with the Audited Accounts for the financial year ended 31st March, 2007.

### INDUSTRY OVERVIEW

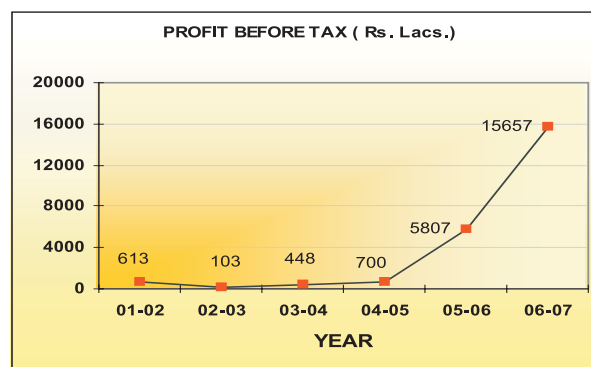
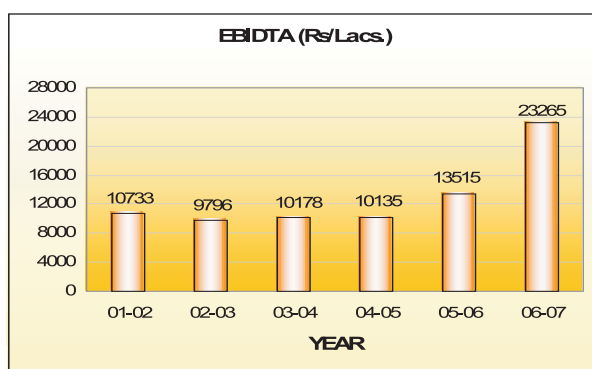
The cement industry in India is experiencing a boom on account of the overall growth of the Indian economy. The demand for cement, being a derived demand, primarily depends upon the industrial activity, real estate business, construction activity and investment in the infrastructure sector. India is experiencing growth on all these fronts and hence the cement market is flourishing like never before. Indian cement industry is globally competitive because the industry has witnessed healthy trends such as cost control and continuous technology upgradation. With increased demand from the respective sectors, industry has witnessed double digit growth for the second consecutive year.

### FINANCIAL RESULTS

The financial results for the year ended 31st March, 2007 are summarised below:

(Rs. In Lacs)

	2006-07	2005-06	Increase
Net Sales and Other Income	68441	49325	39%
Operating Costs	44876	35810	
EBIDTA	23265	13515	72%
Interest & Financial Charges	3262	3417	
Cash Profit	20003	10098	98%
Depreciation and Amortisation	4346	4291	
Profit before Tax	15657	5807	170%
Profit after Tax	9561	5296	81%



### CAPITAL STRUCTURE

In July 2006, Ganesh Prime Holdings ( Mauritius ) Limited , a wholly owned subsidiary of Credit Suisse Private Equity Partners Asia, L. P acquired an equity stake in the Company by purchasing 20,500,000 Equity Shares from Binani Industries Limited, the holding company for Rs. 1.50 billion at Rs. 73 per equity share. It currently holds 10.09% of the equity share capital of the Company alongwith its affiliate.

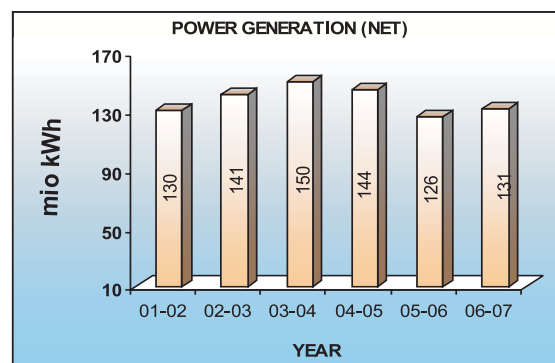
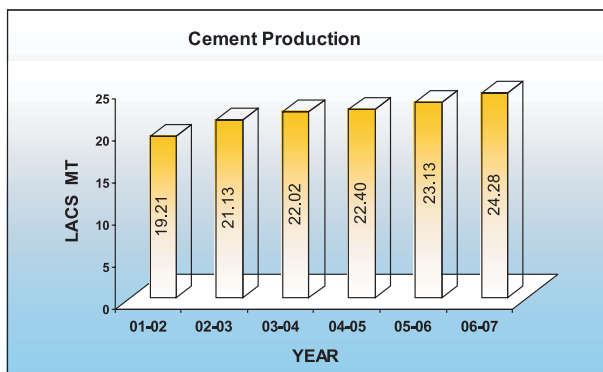
Further JPMorgan Special Situations ( Mauritius) Limited has decided to divest 20,500,000 equity shares of Rs. 10/- each constituting 10.09% of the total paid up share capital of the Company to public through the 100% book building route. SEBI has already issued observations through letter dated 14<sup>th</sup> February, 2007 in respect of the draft Red Herring Prospectus filed for the offer for sale. The Company expects to open the issue on 7th May, 2007 and complete the entire allotment and listing by May, 2007. The Company's Shares will be listed in both National Stock Exchange of India Limited ( NSE ) and Bombay Stock Exchange Limited ( BSE )

**PERFORMANCE REVIEW**

Your Company's performance during the year 2006-07 has been its best ever. During the year the Company produced 24.28 lacs MT & sold 24.06 lacs MT of cement as against 23.13 lacs MT & 23.43 lacs MT respectively in the previous year. This could be achieved due to higher proportion of blended cement (PPC) which increased from 37% in the previous year to 49% in the year 2006-07. The capacity utilization during the year was 108% against 104% during the previous year

The average sales realisation for the year increased substantially which resulted in higher net profit.

**OPERATIONS**

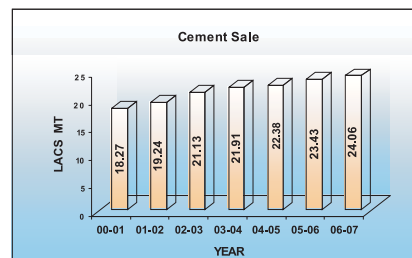


The Cement Production and Power generation details are as under:-

<b>Production</b>	<b>2006-07</b>	<b>2005-06</b>
Cement (MT)	<b>2428359</b>	2313019
Clinker (MT)	<b>1992762</b>	1965666
<b>Power Generation - (lacs kWh)</b>	<b>1314.23</b>	1257.69

**MARKETING**

The cement market continued to remain buoyant in current year also with rising demand from Housing, Industry and Infrastructure sector. During the year your Company once again achieved highest ever sale of 24.06 lacs MT, a growth of 2.69% over previous year. The sales of PPC also increased from 8.73 lacs MT in 2005-06 to 11.75 lacs MT in the current year being 48.82 % of the total sales as against 37.25% in previous year. The prices continued to remain firm in view of the higher demand during the whole of the year which resulted in a significantly higher turnover.



**COSTS AND MARGINS**

In the backdrop of a huge surge in the demand of cement, the cement prices rose sharply during the current year also. Besides, higher volumes and increase in share of PPC have not only resulted into good margins but have also adequately protected the increased cost of inputs as well as a hike in freight rates owing to the overloading restrictions brought through a Supreme Court Ruling in the previous year.

**ECONOMY & BUSINESS ENVIRONMENT**

As the economy is expected to maintain its growth path and the long-term demand fundamentals remain strong, your Company does not foresee any pressure on pricing for the next 24 months. As a result of the recent withdrawal of CVD and SAD on import of cement, there may be a marginal pressure on prices in coastal cities. The effect of rising interest rates on housing loans may marginally impact the demand from the housing sector.

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### **PROJECT OVERVIEW**

#### **Expansion Projects / Railway Sidings**

The major work of 3.05 MTPA Cement expansion project has been completed and kiln was test fired on 16.03.2007. The commercial production of cement plant is expected to start by end May, 2007. Besides, your Company is also setting up two additional captive power plants having capacity of 22.3 MW each in 2 phases at its existing location at Binanigram. These are expected to be commissioned by June, 2007 and October, 2007 respectively.

In view of the increased production capacity, the Company has completed work for railway siding and track from factory to the nearest railway station Keshavganj, having a distance of 6.5 K.M which will be operational from May, 2007.

The total cost of the Cement expansion and the Power Plant is estimated to be Rs. 575 Crores.

#### **Neem Ka Thana**

Of the two grinding mills ordered as part of the expansion, one is being relocated to the Neem Ka Thana site so as to take advantage of proximity to fly ash source as well as the North markets. The required land has already been acquired and environmental clearances received. Necessary orders for civil works and procurement of balancing equipments have already been finalised. Construction work has commenced. The unit is likely to be commissioned by October, 2007. The cost of the project which will be funded through internal accruals is under finalization.

### **FUTURE PLANS**

The Company is finalizing plans to increase its capacity upto 10 to 12 million tonnes Cement Production in the country during the coming 3 to 4 years and is evaluating Gujarat and Eastern India as possible Greenfield locations.

### **RECOGNITION AND AWARDS**

During the 30th Mines safety Week organized by Directorate of Mines, Udaipur, your mines bagged best overall performance shield for the year 2006. Besides this, several other prizes were also won by Amla and Thandiberi Mines.

During the 17th Mines Environment and Mineral Conservation Week, your mines won 10 prizes including the most prestigious and coveted prize for overall performance.

At 5th chapter conventions of quality circles, your Company's Pragati Quality Circle bagged excellent award and Amar Jyoti Quality Circle got distinguished award.

Your Company has also been awarded the "Certificate of Merit" by Hon'ble Minister of Power, Government of India for energy conservation in Cement Industries and " Commendation Certificate" in appreciation of efforts in Energy Conservation for the year 2006 by Ministry of Power.

### **OPPORTUNITIES/THREATS/RISKS/CONCERNS**

#### ***Strengths***

The state of the art Cement Plant can be ranked amongst the best run plants in the country in terms of its energy and power consumption. Bulk of its power requirement is met through its captive power facility which operates on coal / lignite blend, keeping the cost of generation very competitive. The Company enjoys a very good brand image and strong net work of Market Organizers and Dealers. The policy of cash and carry is being maintained. The Company is in the process of more than doubling its capacity with the commissioning of its expansion by May, 2007.

#### ***Weakness***

Being land – locked and away from ports the Company is presently unable to exploit the distant lucrative markets.

#### ***Opportunities***

The cement market is growing upwards as a result of a boom in housing and infrastructure. The expanded plant capacity will enable your Company to leverage its strength and increase its presence in the cement deficient North markets. The railway siding will give the Company a much greater reach to exploit the more distant lucrative markets. The proportion of PPC is being increased to have better yields.

#### ***Threats, Risks and Concerns***

The presence of multinationals and consolidation of industry may play a key role to decide the future of the industry. The proposed increase in production capacity by nearby cement plants would increase competition. Considerable increase in PPC production may lead to non availability of fly ash at economical rates which may affect the PPC market as well as margins. The

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Central Government has recently increased Excise Duty on cement and abolished the duty on cement import which may adversely affect the cement market.

### **SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT**

Your Company's plant at Sirohi is a leading industrial unit in the region and therefore the people of the adjoining areas look forward to your Company for various social support. Your Company continues to discharge its social responsibilities along with the achievement of its own goals and objectives. Your Company continues to provide necessary support to economically backward people of the adjoining villages through various community development, education and health care programmes. These include providing donation, small constructions, repairing works, etc. Your Company has invested around Rs. 2 lacs for installation of new hand pumps and maintenance of old hand pumps. Your Company has donated tarpaulins to flood affected victims of Barmer District to the tune of Rs. 1 lacs. Around Rs. 2 lacs have been given towards donations for various social activities.

Your Company also continues to organize an eye camp at Binanigram in March every year. Your Company's doctor also visits the nearby villages on weekly basis and distributes free medicine to villager's.

The Binani ladies club also regularly contributes towards community development and charities through distribution of school uniforms, books, cloths to needy tribal people and blankets, mattresses and pillows to Adivasi Hostel, Pindwara.

### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company's commitment towards the development of its employees continues to be of high priority as is reflected in the fact that on an average 3.16 mandays per person have been spent on training during the year.

Employees also get motivated and their team spirit gets strengthened through the various departmental quality circles and other awareness programs being organized from time to time. The Company continues to maintain healthy working environment and cordial industrial relations throughout the year.

### **DIVIDEND**

In view of the overall performance of the Company and keeping in mind the expansion plans of the Company, your Directors recommend a Dividend of 20%.

### **AUDIT COMMITTEE**

The Company has complied with the requirements of Section 292A of the Companies Act, 1956. The Audit Committee comprised of 3 Independent Non Executive Directors and 1 Non Promoter and Non Executive Director. The Audit Committee members are as follows:

1. Mr. S. Padmakumar — Chairman of the Committee
2. Dr. V. C. Shah
3. Mr. V. Subramanian
4. Mr. Sushil Bhatler.

The Audit Committee is responsible for the financial reporting and ensuring compliance with the accounting standards and reviewing of financial policies of the Company. The Committee examines in detail the reports of the internal auditors, reviews the unaudited results every quarter and the audited results for the full year before submission to the Board of Directors. The Committee also recommends the appointment of Statutory Auditors, Internal Auditors, Tax Auditors and Cost Auditors and fix their fees.

Besides the Audit Committee members, the Executive Director of the Company , Executive Vice President (Corporate & Legal) & Secretary of Holding Company, Vice President ( Corporate ) & CFO, Representatives of Statutory Auditors and the Company Secretary of the Company attend all the Audit Committee Meetings.

### **REMUNERATION COMMITTEE**

As required by Schedule XIII of the Companies Act, 1956 the Company has a Remuneration Committee which considers and approves the remuneration payable to the Wholetime and Executive Directors. The committee comprised of 3 independent non Executive Directors and 1 Non Promoter and Non Executive Director. The Remuneration Committee members are as follows :

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1. Mr. S. Padmakumar — Chairman of the Committee
2. Dr. V. C. Shah
3. Mr. V. Subramanian
4. Mr. Sushil Bhattar

The Non Executive Directors are remunerated by way of sitting fees as decided by the Board of Directors of the Company from time to time.

Further Mr. Braj Binani is not in receipt of any Salary /Perquisite from the Company or the Holding Company with effect from 1.4.2005.

### **BOARD OF DIRECTORS**

In accordance with Article 100 of the Articles of Association of the Company , Mr. Braj Binani and Mr. S. Padmakumar retire by rotation and being eligible , offer themselves for reappointment.

Mr. Sanjai Vohra ( Nominee of M/s JPMorgan Special Situations ( Mauritius ) Limited and Mr. P. Sheoran were appointed as Additional Directors of the Company at the Meeting of the Board of Directors of the Company held on 27<sup>th</sup> July, 2006. In accordance with the provisions of the Companies Act, 1956 they will hold office of Directors upto the date of this Annual General Meeting. The Company has received notices from shareholders of the Company proposing their appointment as Directors of the Company along with a deposit of Rs. 500 /- each as required by law.

Mr. P. Sheoran and Mr. D. Sundararajan were appointed as Wholetime Director designated as President ( Works ) and Executive Director of the Company on revised terms with effect from 1<sup>st</sup> January 2007. The proposal for both the appointment on revised terms have been placed before the members for their approval.

During the year Mr. Bradley Landes and Mr. Arun Singnapurkar resigned as Directors of the Company.

### **AUDITORS**

M/s Deloitte Haskins & Sells Limited, Chartered Accountants and M/s. Kanu Doshi Associates, Chartered Accountants, the joint Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. M/ s Deloitte Haskins & Sells Limited, Chartered Accountants have intimated that they do not desire to continue as the Joint Statutory Auditors of the Company after the Annual General Meeting. M/s Haribhakti & Co., have expressed their willingness to be appointed as the Statutory Auditors and accordingly it is proposed to appoint them as Statutory Auditors with M/s Kanu Doshi Associates at the ensuing Annual General Meeting. The Company has received a certificate under Section 224(1) of the Companies Act, 1956 from the Auditors that their appointment, if made will be in accordance with the limits as specified as per Section 224 (1) of the Companies Act, 1956 and the proposal has been placed before you for approval.

### **COMMENTS ON AUDITORS OBSERVATIONS.**

The Auditors in their report have made some observations /qualifications and comments of directors against each observation/ qualifications are mentioned herein below :

As regards the non provision of interest of Rs. 1361.21 Lakhs arising out of the modification to the Restructuring Package (RP) agreed with Industrial Development Bank of India ( IDBI) which was converted to Zero Coupon Loan (ZCL) by IDBI, the management is hopeful of getting waiver of the same since all the conditions of RP have since been complied with. Accordingly no provision is required to be made for the aforesaid interest.

### **COST AUDITORS**

In terms of the order of the Ministry of Company Affairs, the Company is required to conduct Audit of Cost Accounts maintained by the Company at the factory at Sirohi every year. Approval of the Central Government for the re-appointment of M/s. Goyal & Associates, Jaipur as Cost Auditors for the year 2007-08 is being obtained.

### **DIRCTOR'S RESPONSIBILITY STATEMENT:**

In accordance with Section 217(2AA) of the Companies Act, 1956, the Directors state that:

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and proper explanation relating to material departures, if any, have been furnished;

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- accounting policies as listed in Schedule 15 to the financial statements have been selected, consistently applied and prudent judgments and estimates have been made so as to give true and fair view of the state of affairs of the Company as on 31.03.2007 and of the Profit of the Company for the year ended on that day;
- proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act has been taken so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

### **PARTICULARS UNDER SECTION 217**

#### **Energy Conservation, Technology Absorption, Foreign Exchange Earnings & Outgo:**

The information relating to the conservation of energy, technological absorption and foreign exchange earnings and outgo as required under sub - section (1) (e) of Section 217 of the Companies Act, 1956 read with the Companies ( Disclosure of Particulars in the report of Board of Directors ) Rules 1988 and forming part of this report are given in Annexure A.

#### **Particulars of Employees:**

The statement of particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of this report is given in Annexure B.

#### **Report on Corporate Governance**

The Company has complied with the requirements of Clause 49 of the listing agreement but since it is presently an unlisted Company certificate from the Auditors is not required to be obtained.

### **ACKNOWLEDGEMENT**

Your Board of Directors places on record its sincere appreciation for the continued co-operation and support received from the Holding Company, Shareholders, Financial Institutions, Banks and other Term Lenders, various State and Central Government Agencies, valued Customers, Dealers, Distributors, Market Organisers, Suppliers, Contractors and all who have directly or indirectly contributed in the success of your Company.

Your Directors also take this opportunity to appreciate the committed and dedicated services of the employees and contract workers at all levels.

By Order of the Board  
**For Binani Cement Limited**

**Braj Binani**  
Chairman

**Place :** Mumbai

**Date :** 23<sup>rd</sup> April, 2007

**ANNEXURE A TO DIRECTORS REPORT**

**DISCLOSURE UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS ) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.**

**[1] CONSERVATION OF ENERGY****{A.} Energy conservation measures taken****CEMENT PLANT**

Membrane bags installed in other six modules of bag house to improve Bag House performance.

K-2 cyclone (riser & cyclone entry) modification done as per M/s Vibcon. Saving 20KWH, Reduction in pr. Drop 15-20 MMWG.

Material diverter installed before 311BC4(reversible belt). Now belt runs in single direction resulting in increased life and power saving.

Grizzly replaced with wobbler feeder (capacity2000tph), to enhance mechanical reliability and increased production rate. Five conveyors have also been upgraded to meet the increased output.

LS Crusher reject screen is being replaced with higher rated Banana screen to run 1200TPH crusher at 1500 TPH on sustainable basis.

Optimization of start / stop sequence.

**THERMAL POWER PLANT**

To increase the feed water temperature from 175 degree to the optimum level HP heater commissioned. During running it is found that old control valve is not functioning as per requirement. New control valve is being procured and same shall be installed during annual shut down.

After modification of static part in ID fan suction duct, new LT motor and V/F drive is being procured and will be installed in the year 2007-08 (during annual shut down) for energy conservation.

Replacement of primary super heater completed, for improving the availability.

Installation of electronic governor has been considered with ILMS system which is to be installed with unit-II.

**Water Conservation measures Taken**

Air cooled condensed installed in new thermal power plant will save approximately 1700 m3 water per day.

**[B] Additional investment and proposals, if any, being implemented for reduction of consumption of energy.****Cement plant**

Replacement of 2600 kw HT motor for one cement mill with improved design to increase reliability.

**Cement mill DCS panel up gradation.**

Up gradation of cement silo feed elevators to enhance the capacity from 180 tph to 250 tph.

Replacement of conventional lubrication with synthetic lubricants for cement mill gear box to reduce the operating temperature.

Replacement of gypsum weigh feeder chain with upgraded version.

Installation of higher version of geared coupling at cement mill gear box input shaft.

Ceramic tiles fixing in cement mill sepax fan duct.

Fly ash M.S. transport line replacement by cast basalt lines.

Raw mill feed belt DC motor being replaced by AC motor to reduce maintenance and increase in reliability.

Installation of variable speed drive on down hill belt to get optimized results of Gamma matrix.

Installation of magnetic separator on down hill belt.

Replacement of CV fan SPRS analog controller with digital controller.

Up gradation of reclaimers skew correction system with latest V/F drives and installation of touch screen for easy fault finding.

Use of sintered carbide tip hammers at clinker hammer crusher.

Replacement of drive drum of belt elevator with segmental rubber lugged drum for ease of replacement.

Replacement of kiln feed chain elevator gear box with higher version.

Replacement of hi- chrome table liner with sintered cast iron liners for VRM.

Installation of segmented dip tube with bolting arrangement in k4 and C4 preheater cyclones for ease of replacement and lesser time.

Installation of additional seal air for coal mill.

Modification of hammer crusher discharge chute to avoid the damage of DPC lamellas.

Replacement of clinker transport JPF suction lines by cast basalt pipes to increase the life.

**Measures to improve efficiency-**

Planning to upgrade electronics of one packer as, existing electronics is obsolete and no spares are available.

Installation of grinding media loading hoist at cement mill.

Installation of surveillance camera system for process applications

**Thermal Power Plant**

Procurement action is to be taken for installation of ACC due to scarcity of water and to meet statutory requirement.

Extension of Coal shed over Lignite pile to be completed to increase the plant availability during heavy rains.

**{ C } Impact of the measures at a) and b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

**Cement Plant :** Due to various energy conservation measures, there was saving in power and fuel consumption.

**Thermal Power Plant :** Due to various energy conservation measures, there was reduction in thermal power consumption %

**{ D } Total energy consumption and Energy consumption per unit of Production:**

Please refer Form A attached

**{ II } TECHNOLOGY ABSORPTION**

**A. Technology Absorption– Adaptation and Innovation**

Not Applicable

**B. Technology Absorption – Research & Development**

Not Applicable

**{ III } FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Foreign Exchange Earnings : Rs. NIL

Foreign Exchange Outgo

Coal : Rs. 7219.98 Lakhs

Stores & Spares : Rs. 209.72 Lakhs

Usance Interest : Rs. 59.73 Lakhs

Other Expenses : Rs. 15.47 Lakhs

Capital Expenses : Rs. 4888.20 Lakhs

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## FORM A

Form as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2007.

### CONSERVATION OF ENERGY

Total Energy Consumption and Energy Consumption per Unit of Production.

#### A Power & Fuel Consumption

			For the year ended 31/03/2007	For the year ended 31/03/2006
<b>1</b>	<b>Electricity</b>			
a	<b>Purchased</b>			
	Unit	(KWh)	<b>57500133</b>	50191849
	Total Cost	(Rs. Lakhs)	<b>2637.13</b>	2282.94
	Cost/Unit	Rs.	<b>4.59</b>	4.55
b	<b>Own Generation</b>			
	Unit	(KWh)	<b>131403574</b>	125768569
	Cost of HSD / LDO Consumed	(Rs. Lakhs)	<b>9.06</b>	6.56
	Cost of Coal Consumed	(Rs. Lakhs)	<b>2441.90</b>	1992.73
	Cost of Lignite Consumed	(Rs. Lakhs)	<b>386.79</b>	553.98
	Cost of Fuel Consumed (Coal, Lignite,HSD/LDO)	(Rs. Lakhs)	<b>2837.74</b>	2553.26
	Cost/Unit	Rs.	<b>2.16</b>	2.03
<b>2</b>	<b>Fuel Consumption</b>			
a	<b>Coal-Imported (Steam Non-coking)</b> (Used in Kiln for Clinker Production)			
	Quantity	(M.T.)	<b>204628</b>	217277
	Total Cost	(Rs. Lakhs)	<b>7049.53</b>	7622.89
	Cost/Unit	Rs.	<b>3445.05</b>	3508.37
b	<b>Lignite - (Used in Kiln for Clinker Production)</b>			
	Quantity	(M.T.)	<b>3319</b>	16523
	Total Cost	(Rs. Lakhs)	<b>49.60</b>	225.82
	Cost/Unit	Rs.	<b>1494.74</b>	1366.65
c	<b>Pet Coke (Used in Kiln for Clinker Production)</b>			
	Quantity	(M.T.)	<b>23180</b>	566
	Total Cost	(Rs. Lakhs)	<b>967.47</b>	20.82
	Cost/Unit	Rs.	<b>4173.69</b>	3679.45
d	<b>Alternative Fuel - (Used in Kiln for Clinker Production)</b>			
	Quantity	(M.T.)	<b>10723</b>	17749
	Total Cost	(Rs. Lakhs)	<b>99.30</b>	384.83
	Cost/Unit	Rs.	<b>926.03</b>	2168.17
e	<b>Lignite - (Used in Captive Power Plant)</b>			
	Quantity	(M.T.)	<b>25922</b>	40867
	Total Cost	(Rs. Lakhs)	<b>386.79</b>	553.98
	Cost/Unit	Rs.	<b>1492.12</b>	1355.57
f	<b>Coal-Imported (Steam Non-coking)</b> (Used in Captive Power Plant)			
	Quantity	(M.T.)	<b>71282</b>	57234
	Total Cost	(Rs. Lakhs)	<b>2441.90</b>	1992.73
	Cost/Unit	Rs.	<b>3425.70</b>	3481.72
<b>3</b>	<b>HSD / LDO - (Used in Kiln for Clinker Production)</b>			
	Quantity	(Litre)	<b>242627</b>	134325
	Total Cost	(Rs. Lakhs)	<b>71.97</b>	34.87
	Average Rate	Rs.	<b>29.66</b>	25.96
b	<b>HSD / LDO - (Used in Captive Power Plant)</b>			
	Quantity	(Litre)	<b>30503</b>	25137
	Total Cost	(Rs. Lakhs)	<b>9.06</b>	6.56
	Average Rate	Rs.	<b>29.70</b>	26.08

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**Binani****B Consumption per ton of Cement Production**

Electricity (KWh)		Coal, Lignite, Pet Coke & Alternative Fuel		HSD / LDO (Ltr.)	
2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
75.25	73.09	0.10	0.11	0.10	0.06

**ANNEXURE - B****Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, for the Financial Year 2006-2007**

Name	Age (Yrs.)	Designation/ Nature of Duties	Qualification	Remuneration received * (Rs.)	Experience (Yrs.)	Date of commencement of employment	Previous Employment
A.V. SINGNAPURKAR @	57	President (Works)	BE (Electrical)	1220718	33 Yrs	14.12.05	Vice President, Lafarge India Pvt. Limited
D.SUNDARARAJAN	51	Executive Director	M.SC, BL,ICWA, CAIIB	5490000	31 Yrs	01.05.05	Head of M & A, Idea Cellular Limited
I.C. AHUJA @	64	Executive Director (Projects-Non Board)	B.E. (Mech.) (Hons.)	312500	43 Yrs	22.02.07	Dy. Managing Director, IICEC, Iran
P. SHEORAN @	56	President (Works)	B.Tech.	2388093	34 Yrs	24.07.06	Director (Tech.), Zuari Cement Limited
R.S. JOSHI	52	Executive Vice President	M.A. (Eco.)	2455839	30 Yrs	10.10.2005	Vice President (Commercial), Grasim Inds. Ltd.

- Note: 1) Remuneration includes salary and allowances, medical benefits, leave travel assistance and perquisites.  
2) \* Does not include monetary value of non cash perquisites as per Income Tax Act, 1961.  
3) @ Part of the year.

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## AUDITORS' REPORT

### To the Members of Binani Cement Limited.

1. We have audited the attached Balance Sheet of Binani Cement Limited as at 31<sup>st</sup> March, 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books *subject to our observation mentioned in paragraph 4(f) below regarding non-provision of interest on term loans in the year ended 31<sup>st</sup> March, 2005;*
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) on the basis of the written representations received from the directors, as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) Attention is invited to the following in Schedule 15:

*Note no: 7 regarding non-provision for interest for the period from 1<sup>st</sup> October, 2004 to 31<sup>st</sup> March, 2005 on term loans of the Company/loans transferred from Binani Industries Limited, the holding company, during the year ended 31<sup>st</sup> March, 2005, arising out of the modifications to the restructuring package agreed with Industrial Development Bank of India (IDBI) aggregating to Rs. 1,361.21 lakhs, which also remains unprovided during the year, converted to Zero Coupon Loan by IDBI on which a view on waiver thereof is subject to annual review by IDBI as detailed in the note. The Audit report on the accounts for the year ended 31<sup>st</sup> March, 2006 contained a similar observation and was modified accordingly;*
  - g) *We further report that had the observation mentioned in paragraph 4(f) above been considered, the Reserves and Surplus as at 31<sup>st</sup> March, 2007 would have been Rs.8,451.23 lakhs (as against the reported figure of Rs.9,812.44 lakhs) and secured loans as at 31<sup>st</sup> March, 2007 would have been Rs.67,238.19 lakhs (as against the reported figure of Rs.65,876.98 lakhs).*
  - h) *Subject to our observations in paragraph 4(f) above and read with our observations in paragraph 4(g) above, in our opinion and to the best of our information, and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
    - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2007;
    - ii) in case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**A. B. Jani**  
Partner  
Membership No. 46488

Mumbai

Dated : 23<sup>rd</sup> April, 2007

For **Kanu Doshi Associates**  
Chartered Accountants

**Jayesh Parmar**  
Partner  
Membership No. 45375

Mumbai

Dated : 23<sup>rd</sup> April, 2007

## **Binani Cement Limited**

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### **ANNEXURE TO THE AUDITORS' REPORT**

#### **Re: Binani Cement Limited**

(Referred to in Paragraph 3 of our report of even date)

- i) The nature of the Company's activities during the year have been such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
- ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The Company has not disposed off a substantial part of fixed assets during the year.
- iii) In respect of its inventories:
  - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on such physical verification.
- iv) The Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and accordingly the sub-clauses (a), (b), (c), (d), (e), (f) and (g) of clause (iii) are not applicable to the Company.
- v) In our opinion, and according to the information and explanations given to us, there is an internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and sale of goods. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system.
- vi) According to the information and explanations given to us, there are no particulars of contracts/arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 and hence sub-clause (b) of clause (v) is not applicable to the Company.
- vii) The Company has not accepted any deposits from the public.
- viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and nature of its business.
- ix) We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of cement, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

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- x) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and any other material statutory dues with the appropriate authorities during the year.
- (b) According to the information and explanations given to us, details of dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax and cess which have not been deposited as on March 31, 2007 on account of any dispute are given below:

Name of Statute	Nature of the Dues	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Sales Tax Act, 1994	Sales Tax Exemption	13,327.19	Year 1998-99 onwards	The Sales Tax Department has filed a revision petition before the Supreme Court in response to the High Court order dismissing their petition.
Rajasthan Sales Tax Act, 1994	Sales Tax on Freight and Credit Notes	70.21	1997-98	High Court, Jodhpur
Rajasthan Sales Tax Act, 1994	Sales Tax on Oil and Lubricants	10.70	2005-06	High Court, Jodhpur
Uttar Pradesh Trade Tax/ Entry Tax	UP Tax on entry of goods	21.82	2006-07	Allahabad High Court.
Customs Act, 1962	Duty on DEPB licenses and interest thereon	59.61	2000-01	Commissioner/Joint Commissioner (Addl.), Kandla
Customs Act, 1962	Differential Customs Duty	30.61	2002-03	Commissioner (Appeals), Jamnagar
Central Excise Act, 1944	Excise Duty on clearance of excess cement	75.39	2001-02	Rajasthan High Court, Jaipur
Central Excise Act, 1944	Cenvat Credit on welding electrodes.	22.03	2005-06	Commissioner (Appeals), Jaipur.

- xi) The Company has no accumulated losses at the end of the year and it has not incurred cash losses in the current year and in the immediately preceding financial year.
- xii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xiii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks or financial institutions. However the same is not prejudicial to the interest of the Company.
- xv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
- xvi) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xviii) According to the information and explanations given to us and the records examined by us, debentures were issued by the Company during the year, creating a charge on the fixed assets of the Company.

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- xix) The Company has not raised any money by way of public issues during the year.
- xx) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**A. B Jani**  
Partner  
Membership No. 46488

Mumbai  
Dated : 23<sup>rd</sup> April, 2007

For **Kanu Doshi Associates**  
Chartered Accountants

**Jayesh Parmar**  
Partner  
Membership No. 45375

Mumbai  
Dated : 23<sup>rd</sup> April, 2007

# Binani Cement Limited

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## BALANCE SHEET AS AT 31ST MARCH, 2007

(Rs. Lakhs)

PARTICULARS	SCHEDULE	As at 31st March, 2007	As at 31st March, 2006
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	20,310.38	20,310.38
Reserves and Surplus	2	9,812.44	5,003.71
		<b>30,122.82</b>	25,314.09
<b>LOAN FUNDS</b>			
Secured Loans	3	65,876.98	53,436.47
Unsecured Loans	4	3,223.27	—
		<b>69,100.25</b>	53,436.47
Trade Deposits		1,504.80	1,182.05
Deferred Tax Liability (Net) (Refer Note 24 of Schedule 15)		4,312.00	—
<b>TOTAL</b>		<b>105,039.87</b>	<b>79,932.61</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	5		
Gross Block		83,998.69	80,395.29
Depreciation		(34,703.17)	(30,807.34)
Net Block		49,295.52	49,587.95
Capital Work-in-Progress		51,736.74	10,001.55
		<b>101,032.26</b>	<b>59,589.50</b>
<b>INVESTMENTS</b>	6	—	—
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
	7		
Inventories		5,725.18	3,355.36
Sundry Debtors		24.27	22.91
Cash and Bank Balances		4,769.74	10,275.87
Loans and Advances		13,911.51	15,213.05
		<b>24,430.70</b>	<b>28,867.19</b>
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
	8		
Current Liabilities		(14,288.28)	(6,682.04)
Provisions		(6,134.81)	(1,842.04)
		<b>(20,423.09)</b>	<b>(8,524.08)</b>
<b>NET CURRENT ASSETS</b>		<b>4,007.61</b>	<b>20,343.11</b>
<b>TOTAL</b>		<b>105,039.87</b>	<b>79,932.61</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>			
	15		

As per our attached Report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For Kanu Doshi Associates**  
Chartered Accountants

**A. B. Jani**  
Partner

**Jayesh Parmar**  
Partner

**For and on behalf of the Board of Directors**

**M.K. Chattopadhyaya**  
Chief Financial Officer

**Braj Binani**  
Chairman

**Atul Falgunia**  
Company Secretary

**Sushil Bhatler**  
Director

**D. Sundararajan**  
Executive Director

Place : Mumbai  
Date : 23rd April, 2007

Place : Mumbai  
Date : 23rd April, 2007

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

(Rs. Lakhs)

PARTICULARS	SCHEDULE	For the year ended 31st March, 2007	For the year ended 31st March, 2006
<b>INCOME</b>			
Gross Sales	9	78,200.49	58,403.47
Less : Excise Duty on Sales		10,217.10	9,557.85
Net Sales		67,983.39	48,845.62
Other Income (Refer Note 12 of Schedule 15)		457.79	479.10
<b>TOTAL</b>		<b>68,441.18</b>	<b>49,324.72</b>
<b>EXPENDITURE</b>			
Raw Materials, Packing Materials and Goods Consumption	10	8,585.26	7,292.18
Other Manufacturing Expenses	11	16,645.25	16,099.44
Payment to and Provision for Employees	12	1,878.30	1,508.73
Selling and Administration Expenses	13	18,067.43	10,908.92
Interest and Finance Charges	14	3,262.02	3,417.44
Depreciation and Amortisation of Fixed Assets		4,345.64	4,290.61
<b>TOTAL</b>		<b>52,783.90</b>	<b>43,517.32</b>
<b>Profit Before Tax</b>		<b>15,657.28</b>	<b>5,807.40</b>
Provision for Tax			
- Current Tax (MAT)		1,753.28	486.60
- Deferred Tax (Refer Note 24 of Schedule 15)		4,312.00	-
- Fringe Benefit Tax		30.90	24.92
<b>Profit after Tax</b>		<b>9,561.10</b>	<b>5,295.88</b>
Balance brought forward from Previous Year		4,870.71	1,474.48
Adjustment on account of transfer of investment division as per Scheme of Arrangement		-	(919.52)
Transfer (to) / from Debenture Redemption Reserve		(3,500.00)	300.00
Transfer to General Reserve		(1,000.00)	(133.00)
Proposed Arrears of Dividend on 12% Cumulative Redeemable Preference Shares		-	(1,006.03)
Proposed Dividend		(4,062.03)	-
Tax on Proposed Dividend		(690.34)	(141.10)
Balance Carried to Balance Sheet		5,179.44	4,870.71
<b>Earning Per Share (Refer Note 27 of Schedule 15)</b>			
Basic and Diluted (in Rupees)		4.71	2.61
<b>Number of Shares used in computing earning per share</b>			
Basic and Diluted		203,101,274	203,101,274
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	15		

As per our attached Report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For Kanu Doshi Associates**  
Chartered Accountants

**A. B. Jani**  
Partner

**Jayesh Parmar**  
Partner

**For and on behalf of the Board of Directors**

**M.K. Chattopadhyaya**  
Chief Financial Officer

**Braj Binani**  
Chairman

**Atul Falgunia**  
Company Secretary

**Sushil Bhatler**  
Director

**D. Sundararajan**  
Executive Director

Place : Mumbai  
Date : 23rd April, 2007

Place : Mumbai  
Date : 23rd April, 2007

# Binani Cement Limited

(Subsidiary of Binani Industries Limited)

annual report 2006-2007

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

(Rs. Lakhs)

PARTICULARS	As at 31st March, 2007	As at 31st March, 2006
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
423,899,600 Equity Shares of Rs 10/- each	<b>42,389.96</b>	42,389.96
	<b>42,389.96</b>	42,389.96
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
203,101,274 (Previous Year 217,067,708) Equity Shares of Rs. 10/- each fully paid-up	<b>20,310.13</b>	21,706.77
Less : Cancellation of Nil (Previous year 13,966,434) Equity Shares of Rs. 10/- each fully paid-up as per Scheme of Arrangement (Refer Note 8 of Schedule 15)	-	1,396.64
203,101,274 Equity Shares of Rs. 10/- each fully paid-up	<b>20,310.13</b>	20,310.13
Add: Amount paid-up on forfeited Shares	<b>0.25</b>	0.25
<b>TOTAL</b>	<b>20,310.38</b>	20,310.38

**NOTE :**

- 1) 131,825,956 (Previous year 152,325,956) Equity Shares of Rs 10/- each fully paid-up held by the Holding Company - Binani Industries Limited and its nominees.
- 2) 152,322,787 Equity Shares have been issued for consideration other than cash, pursuant to Schemes of Arrangement.
- 3) 50,774,263 Equity Shares have been issued on conversion of Cumulative Redeemable Preference Shares as per agreed terms.

**SCHEDULE - 2**

**RESERVES AND SURPLUS**

**DEBENTURE REDEMPTION RESERVE**

As per Last Balance Sheet

-

300.00

Add / Less : Transfer from / (to) Profit and Loss Account

**3,500.00**

(300.00)

**3,500.00**

-

**GENERAL RESERVE**

As per last Balance Sheet

**133.00**

-

Add : Transferred from Profit and Loss Account

**1,000.00**

133.00

**1,133.00**

133.00

**BALANCE IN PROFIT AND LOSS ACCOUNT**

**5,179.44**

4,870.71

**TOTAL**

**9,812.44**

5,003.71

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007**

(Rs. Lakhs)

PARTICULARS	As at 31st March, 2007	As at 31st March, 2006
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
(Refer Note 10 of Schedule 15)		
<b>A. TERM LOANS</b>		
Financial Institutions	33,500.51	36,571.52
(Falling due for payment within one year Rs.2,815.09 Lakhs) (Previous year Rs.2,815.09 Lakhs)		
Banks	6,516.75	25.00
Interest accrued and due	0.24	-
(Falling due for payment within one year Rs.1,514.25 Lakhs) (Previous year Rs.8.25 Lakhs)	6,516.99	25.00
Others-From Limited Companies	13,497.59	8,500.00
<b>B. DEBENTURES</b>	10,708.33	-
(Falling due for payment within one year Rs.1,166.67 Lakhs) (Previous year Rs.Nil)		
Debenture - Application Money	-	7,000.00
<b>C. WORKING CAPITAL DEMAND LOAN / CASH CREDIT</b>	1,651.20	1,336.00
<b>D. OTHERS - HIRE PURCHASE ARRANGEMENT</b>	2.36	3.95
(Falling due for payment within one year Rs.1.80 Lakhs ) (Previous year Rs.1.89 Lakhs)		
<b>TOTAL</b>	<u>65,876.98</u>	<u>53,436.47</u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Deferment of Value Added Tax (Refer Note 5 of Schedule 15)	3,223.27	-
<b>TOTAL</b>	<u>3,223.27</u>	<u>-</u>

# Binani Cement Limited

(Subsidiary of Binani Industries Limited)

annual report 2006-2007

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

### SCHEDULE - 5

#### FIXED ASSETS

	(Rs. Lakhs)									
	Free hold Land	Lease hold Land	Building* (Including Roads)	Plant and Machinery	Mine Exploration and Developments	Furniture, Office Equipment, Telephone Installations and Other Equipment	Vehicles	Vehicles purchased on Hire purchase	Total	Total Previous Year
<b>GROSS BLOCK</b>										
As at 1st April, 2006	4.89	56.33	3,143.69	75,974.89	784.12	271.11	152.82	7.44	80,395.29	79,194.69
Additions during the year	250.75	-	112.60	3,964.02	-	52.67	47.77	-	4,427.81	1,748.86
Sales/Transfers/ Adjustments during the year	22.03	-	-	772.11	-	0.20	30.07	-	824.41	548.26
<b>Total as at 31st March, 2007</b>	<b>233.61</b>	<b>56.33</b>	<b>3,256.29</b>	<b>79,166.80</b>	<b>784.12</b>	<b>323.58</b>	<b>170.52</b>	<b>7.44</b>	<b>83,998.69</b>	<b>80,395.29</b>
<b>DEPRECIATION / AMMORTISATION</b>										
As at 1st April, 2006	-	4.86	1,273.88	29,077.33 **	172.57	187.73	89.77	1.20	30,807.34	26,699.18
Additions during the year	-	0.58	127.86	4,170.92	23.57	23.81	19.28	1.62	4,367.64	4,298.08
Sales/Transfers/ Adjustments during the year	-	-	-	453.20	-	0.15	18.46	-	471.81	189.92
<b>Total as at 31st March, 2007</b>	<b>-</b>	<b>5.44</b>	<b>1,401.74</b>	<b>32,795.05</b>	<b>196.14</b>	<b>211.39</b>	<b>90.59</b>	<b>2.82</b>	<b>34,703.17</b>	<b>30,807.34</b>
<b>NET DEPRECIATED BLOCK</b>										
<b>Total as at 31st March, 2007</b>	<b>233.61</b>	<b>50.89</b>	<b>1,854.55</b>	<b>46,371.75</b>	<b>587.98</b>	<b>112.19</b>	<b>79.93</b>	<b>4.62</b>	<b>49,295.52</b>	<b>49,587.95</b>
Total as at 31st March, 2006	4.89	51.47	1,869.81	46,897.56	611.55	83.38	63.05	6.24		
<b>Capital Work-in-Progress including Advance towards Capital Works</b>									<b>51,736.74</b>	<b>10,001.55</b>
									<b>101,032.26</b>	<b>59,589.50</b>

\* Buildings includes assets built on land not owned by the Company Rs. 398.02 Lakhs (Previous year Rs. 398.02 Lakhs)

\*\* Includes Rs. Nil (Previous year Rs. 8.15 Lakhs) for earlier year.

	(Rs. Lakhs)	
	For the year ended 31st March, 2007	For the year ended 31st March, 2006
Total Depreciation	4,367.64	4,298.08
Less : Capitalised	22.00	7.47
Charged to Profit and Loss Account	4,345.64	4,290.61

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007**

(Rs. Lakhs)

PARTICULARS	As at 31st March, 2007	As at 31st March, 2006
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS</b>		
<b>LONG TERM INVESTMENTS</b>		
Non trade - unquoted (at cost)		
<b>SHARES IN OTHER COMPANIES :</b>		
Nupur Marketing Private Limited 550,250 Equity Shares of Rs. 10/- each fully paid-up	-	1,100.50
Radiant Plywoods Private Limited 5,210 Equity Shares of Rs. 10/- each fully paid-up	-	0.26
Tista Commercials Private Limited 604,200 Equity Shares of Rs. 10/- each fully paid-up	-	1,208.40
	-	2,309.16
Less : Transferred to Daisy Commercials Private Limited under Scheme of Arrangement (Refer Note 8 of Schedule 15)	-	2,309.16
<b>Sub-Total</b>	-	-
<b>APPLICATION MONEY</b>		
Mona Export Limited 2,000 Equity Shares of Rs. 100/- each	-	2.00
MSJ Fincol & Trading Private Limited 50,000 Equity Shares of Rs. 10/- each	-	5.00
	-	7.00
Less : Transferred to Daisy Commercials Private Limited under Scheme of Arrangement (Refer Note 8 of Schedule 15)	-	7.00
<b>Sub-Total</b>	-	-
<b>TOTAL</b>	-	-

Number of Units of Mutual Fund purchased and sold during the year:

Scheme Name	Face Value (in Rs.)	Purchased	Sold
Tata Liquid Fund	10	2,007,186	2,007,186
LIC Mutual Fund Liquid Fund	10	6,000,000	6,000,000
Can Bank Mutual Fund	10	4,021,693	4,021,693
Prudential ICICI Institutional Liquid Plan	10	10,112,690	10,112,690
Reliance Liquidity Fund	10	5,044,609	5,044,609
Birla Cash Plus	10	1,538,596	1,538,596
Tata Liquid Investment Fund	1,000	9,014	9,014
DSP Merrill Lynch Liquidity Fund	10	564,245	564,245
ABN Amro Cash Fund	10	892,236	892,236
HDFC Liquid Fund	10	696,597	696,597
UTI Liquid Fund	1,000	9,856	9,856
Kotak Floater Short Term	10	3,321,018	3,321,018

# Binani Cement Limited

(Subsidiary of Binani Industries Limited)

annual report 2006-2007

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007

(Rs. Lakhs)

PARTICULARS	As at 31st March, 2007	As at 31st March, 2006
<b>SCHEDULE - 7</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS :</b>		
<b>INVENTORIES</b>		
Stores, Spare Parts and Fuel	4,107.72	2,530.19
Loose Tools	1.85	1.42
Raw Material and Packing Material	318.27	179.57
Work - In - Process	5.00	24.72
Finished Goods	1,292.34	619.46
	<b>5,725.18</b>	<b>3,355.36</b>
<b>SUNDRY DEBTORS (UNSECURED AND CONSIDERED GOOD) :</b>		
Debts outstanding for a period exceeding six Months	-	5.27
Other Debts	24.27	17.64
	<b>24.27</b>	<b>22.91</b>
<b>CASH AND BANK BALANCES</b>		
Cash In Hand	6.77	4.67
Remittances in transit and cheques in hand	0.65	669.11
Balance with Scheduled Banks :		
Current Accounts	1,277.11	116.53
Collection Accounts	1,468.19	775.58
Deposit Accounts [including Rs.1,316.81 Lakhs (Previous year Rs.7,684.73 Lakhs) in margin accounts]	2,017.02	8,709.98
	<b>4,769.74</b>	<b>10,275.87</b>
<b>LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE STATED)</b>		
Due from Holding Company (Refer Note 26 of Schedule 15)	7,649.12	13,671.21
Advances recoverable in cash or in kind or for value to be received	4,977.59	986.27
Fringe Benefit Tax (Net)	3.43	1.33
Other Deposits	453.89	309.32
Balance with Excise / VAT Authorities (including for Service Tax Rs. 0.83 Lakhs, Previous Year Rs.8.69 Lakhs)	751.08	202.15
Assets held for disposal	76.40	42.77
	<b>13,911.51</b>	<b>15,213.05</b>
<b>TOTAL</b>	<b>24,430.70</b>	<b>28,867.19</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007**

(Rs. Lakhs)

PARTICULARS	As at 31st March, 2007	As at 31st March, 2006
<b>SCHEDULE - 8</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
For Trade :		
Total outstanding dues to Small Scale Industrial Undertakings	87.55	3.72
Total outstanding dues of Creditors other than Small Scale Industrial Undertakings (includes Creditors for Capital Projects Rs.4,708.93 Lakhs (Previous Year Rs.469.06 Lakhs))	8,775.34	2,893.10
For Expenses	2,336.64	1,721.46
Other Liabilities	1,460.64	684.30
Advances from Customers	1,446.12	1,238.21
Interest accrued but not due on loans	181.99	141.25
	<b>14,288.28</b>	<b>6,682.04</b>
<b>PROVISIONS</b>		
For Current Income Tax (Net of Advance Tax)	1,093.59	434.91
For Arrear's of Dividend on 12% Cumulative Redeemable Preference Shares	-	1,006.03
For Proposed Dividend	4,062.03	-
For Tax on Dividend	690.34	141.10
For Gratuity	167.45	144.31
For Leave Encashment	121.40	115.69
	<b>6,134.81</b>	<b>1,842.04</b>
<b>TOTAL</b>	<b>20,423.09</b>	<b>8,524.08</b>

## Binani Cement Limited

(Subsidiary of Binani Industries Limited)

annual report 2006-2007

### SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rs. Lakhs)

PARTICULARS	For the year ended 31st March, 2007		For the year ended 31st March, 2006	
	Quantity (MT)	Value	Quantity (MT)	Value
<b>SCHEDULE - 9</b>				
<b>SALES</b>				
Cement	2,405,833	78,200.49	2,342,759	58,400.65
Others		—		2.82
<b>TOTAL</b>		<b>78,200.49</b>		<b>58,403.47</b>
<b>SCHEDULE - 10</b>				
<b>RAW MATERIALS, PACKING MATERIALS AND GOODS CONSUMPTION</b>				
Raw Materials Consumed (Including Direct Mining cost)		4,677.00		3,091.18
Royalty and Cess on Limestone		1,397.73		1,366.42
Packing Materials Consumed		2,865.44		2,594.11
(Increase)/Decrease in Work-in-Process				
Opening Stock	24.72		26.70	
Closing Stock	5.00		24.72	
		19.72		1.98
(Increase)/Decrease in Finished Stocks				
Opening Stock	619.45		977.95	
Closing Stock	1,292.34		619.45	
		(672.89)		358.50
Purchases of Traded Goods		—		1.33
Excise Duty - on Cement / Clinker stock and samples etc.		298.26		(121.34)
<b>TOTAL</b>		<b>8,585.26</b>		<b>7,292.18</b>
<b>Break-up of Opening and Closing Stock of Finished Goods</b>				
	<b>Opening Stock</b>		<b>Closing Stock</b>	
	<b>Quantity (MT)</b>	<b>Value</b>	<b>Quantity (MT)</b>	<b>Value</b>
Cement (MT)	14,073	281.19	35,493	757.97
	(45,067)	(796.11)	(14,073)	(281.19)
Clinker (MT)	34,942	338.26	37,818	534.37
	(17,888)	(181.84)	(34,942)	(338.26)
<b>TOTAL</b>		<b>619.45</b>		<b>1,292.34</b>
		(977.95)		(619.45)

Closing Stock of Cement is net of Shortages, Damages, Handling Loss and Samples - 1,105.95 MT (Previous year 1,254.41 MT)  
(Figures in brackets pertain to previous year)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

(Rs. Lakhs)

PARTICULARS	For the year ended 31st March, 2007	For the year ended 31st March, 2006
<b>SCHEDULE - 11</b>		
<b>OTHER MANUFACTURING EXPENSES</b>		
Power and Fuel	14,202.84	13,748.66
Consumption of Stores and Spares (Including Oil and Lubricants)	1,631.49	1,533.04
Repairs and Maintenance		
– Buildings	51.83	63.08
– Plant and Machinery	308.41	281.45
– Others	27.56	24.30
Other Operating Expenses	423.12	448.91
<b>TOTAL</b>	<b>16,645.25</b>	<b>16,099.44</b>
<b>SCHEDULE - 12</b>		
<b>PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>		
Salaries and Wages	1,610.06	1,191.40
Contribution to Provident and Other Funds	170.13	222.23
Workmen and Staff Welfare Expenses	98.11	95.10
<b>TOTAL</b>	<b>1,878.30</b>	<b>1,508.73</b>
<b>SCHEDULE - 13</b>		
<b>SELLING AND ADMINISTRATION EXPENSES</b>		
(Refer Note 20 of Schedule 15)		
Rent	78.20	68.74
Insurance	329.21	406.19
Rates and Taxes	146.84	115.84
Exchange Fluctuation (Net)	22.66	–
Advertisement and Sales Promotion	935.10	242.75
Directors Fee	1.73	1.15
Freight	14,697.14	8,164.22
Capital Work-in-progress written off (Refer Note 6 of Schedule 15)	192.96	–
Bad Debts written off	11.26	–
Commission to Selling Agents	624.55	690.95
Fixed Assets written off (Refer Note 19 of Schedule 15)	3.08	–
Loss on Disposal/Discard of Fixed Assets (Net)	211.88	333.30
Miscellaneous Expenses	812.82	885.78
<b>TOTAL</b>	<b>18,067.43</b>	<b>10,908.92</b>
<b>SCHEDULE - 14</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
(Refer Note 20 of Schedule 15)		
Interest		
– Debentures	664.85	289.20
– Term Loans	2,186.72	2,535.00
– Others	170.47	278.03
Finance Charges	239.98	315.21
(Including Restructuring Fees Rs. Nil (Previous year Rs.8.00 Lakhs))		
<b>TOTAL</b>	<b>3,262.02</b>	<b>3,417.44</b>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007.****SCHEDULE – 15****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****1 SIGNIFICANT ACCOUNTING POLICIES****BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention in accordance with accounting principles generally accepted in India and the provisions of the Companies Act, 1956.

**USE OF ESTIMATES**

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/ materialise.

**REVENUE RECOGNITION**

Sales are recognised on transfer of title to the goods to the customers.

**FIXED ASSETS**

Fixed Assets are stated at cost, net of Cenvat. Costs include trial run and stabilisation expenses, interest, finance costs and incidental expenses upto the date of capitalisation and adjustments arising from exchange rate variation relating to borrowings attributable to the Fixed Assets acquired from outside India.

Assets retired from active use and held for disposal are stated at lower of net book value or net realisable value.

**ASSETS TAKEN ON LEASE (HIRE PURCHASE)**

Assets taken on finance lease (including on hire purchase) on or after 1st April, 2001 are accounted in accordance with Accounting Standard 19 on Leases, issued by The Institute of Chartered Accountants of India (ICAI). Lease payments are apportioned between finance charges and reduction of outstanding liabilities.

**DEPRECIATION AND AMORTISATION**

Depreciation on Plant and Machinery is provided on Straight Line Method, at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956. (Refer Note 19 below)

Depreciation on other Fixed Assets has been provided on Written Down Value Method at the rates and in the manner prescribed as per Schedule XIV of the Companies Act, 1956 including asset constructed on land not owned by the Company.

The total expenditure on mine exploration and development is amortised in the ratio of ore extracted to the total estimated exploitable reserves.

Depreciation on Leasehold Land is provided over the period of Lease.

**IMPAIRMENT OF ASSETS**

At the end of each accounting period, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets" issued by the ICAI. An impairment loss is charged to the Profit and Loss account in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**VALUATION OF INVENTORIES**

Raw Material is valued at lower of weighted average cost (net of Cenvat) and net realisable value.

Coal (except for quantities lying at Port), Packing Material and Stores and Spares are valued at weighted average cost (net of Cenvat). Coal lying at Port is valued on specific consignment basis.

Work – In – Process is valued at cost.

Finished Goods are valued at lower of Cost and Net Realisable Value. Cost for this purpose includes direct cost, attributable overheads and excise duty.

**INVESTMENTS**

Investments classified as long term investments are stated at cost. Provision is made to recognise any diminution other than temporary in the value of such investments. Current Investments are carried at lower of cost and fair value. (Refer Note 8 below)

**FOREIGN EXCHANGE TRANSACTIONS**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be, except where they relate to fixed assets where they are adjusted to the cost of fixed assets.

**SCHEDULE – 15 (Contd.)**

Any premium or discount arising at the inception of the forward exchange contract is recognized as income or expense over the life of the contract, except in the case where the contract is in connection with purchase of fixed asset, where the same is adjusted to the cost of fixed assets. Exchange difference on a forward exchange contract is the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting / settlement date and the said amount translated at the later date of inception of the contract / last reporting date.

**RETIREMENT BENEFITS**

The Provident Fund Scheme is a defined contribution plan for which the contribution accruing during the year as per the scheme is expensed. The Gratuity Scheme is a defined benefit plan which is funded with the LIC, provision being made on the basis of premium demanded by LIC. The Company also ascertains the liability towards gratuity at the year-end based on actuarial valuation and provision for the differential amount between the Fund balance and liability determined in actuarial valuation is also made in the books of account (Refer Note 28 below). Provision is made towards liability for Leave Encashment on the basis of balance leave of eligible employees as at the end of the year, in accordance with the Company's policy.

**BORROWING COSTS:**

Borrowing costs which are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**INCOME TAXES**

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax and Deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income", (AS 22) issued by the ICAI. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. (Refer Note no. 24 below). Fringe benefits tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by the ICAI.

**CONTINGENT LIABILITY**

These, if any, are disclosed in the notes on accounts. Provision is made in the accounts if it becomes probable that an out flow of resources embodying economic benefits will be required to settle the obligation.

(Rs Lakhs)

	<b>For the year ended 31st March, 2007</b>	<b>For the year ended 31st March, 2006</b>
2	<b>14,506.22</b>	42,404.75
3		
Contingent liabilities not provided for in respect of :		
(i)		
The Company has imported fuel without payment of Customs Duty aggregating to Rs.59.61 Lakhs (Previous Year Rs.59.61 Lakhs) - (excluding applicable interest and penalty thereon) by utilizing transferable DEPB Licenses purchased from the market in the ordinary course of business. The Customs Department has issued several show cause notices alleging that the original purchaser had obtained these licenses fraudulently. The Company has lost the case before Commissioner of Customs, Kandla. The Company is in process of filing an appeal before CESTAT and is hopeful of success as the Company is not at fault.		
(ii)		
Demands raised by Excise Department including relating to dispute on weight of cement bags and welding electrodes aggregating to Rs. 97.42 Lakhs (Previous Year Rs.75.39 Lakhs) - (excluding applicable interest). The Company has filed a writ petition in the H'ble High Court of Rajasthan, Jodhpur in respect of the disputes related to weight of Cement bags. Regarding Welding Electrodes the case was decided by Commissioner (Appeals), Jaipur in favour of the Company. However, the department has appealed before CESTAT, Delhi.		
(iii)		
Demands raised by Customs Department, Jamnagar in relation to import of coal made in earlier years aggregating to Rs.30.61 Lakhs. The Company has filed Appeals before CESTAT, Mumbai. CESTAT		

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### SCHEDULE – 15 (Contd.)

	(Rs Lakhs)	
	For the year ended 31st March, 2007	For the year ended 31st March, 2006
Mumbai has set aside the order of the Appellate Commissioner with a direction that the appeal by the department against the Assistant Commissioner's orders should be heard denovo on merits by the Commissioner (Appeals).		
(iv) Demands raised by Sales Tax Department aggregating to Rs.70.21 Lakhs (Previous year Rs.70.21 Lakhs) contending that the Company has wrongly adjusted sales tax on account of trade discounts. The Company has filed a writ petition before H'ble High Court, Jodhpur and has also obtained an interim relief. Besides, the Sales Tax department has also issued demand notices relating to various matters aggregating to Rs.10.70 Lakhs (Previous year Rs.25.51 Lakhs), which are being contested by the Company, including in appeal and is hopeful of success.		
(v) Demands raised by Uttar Pradesh State Government on account of entry tax on cement for the period from 1st April, 2005 to 31st March, 2006 aggregating to Rs.23.81 Lakhs. The Company has paid and accounted the same as advances since a stay order has been obtained, pending disposal. The said tax for the year aggregating to Rs. 21.82 Lakhs is not provided for on account of the above.		
(vi) The Income-tax Department, in an earlier year, had raised a demand aggregating to Rs. 862.51 Lakhs relating to past several years. The CIT (Appeals) had allowed the appeal in favour of the Company. The Department had appealed before the Income Tax Appellate Tribunal (ITAT) against the Order of the CIT (Appeals) which was also dismissed by the ITAT during the previous year .  The CIT cancelled the above order raising the demand of Rs. 862.51 Lakhs under Section 263 of the Income-tax Act, 1961 and had directed the Assessing Officer to redo the same, since according to the CIT, the Assessing Officer had ignored to add assessed business loss of the regular assessment of earlier years. The Company had filed appeal before the ITAT challenging the order of CIT.  In the meantime, as per the directions of the CIT, the Assessing Officer had redone the assessment and raised a demand of Rs. 3,843.21 Lakhs. As an abundant caution the Company had also filed appeal before CIT (Appeals) against the order of the Assessing Officer. However, during the year, as per the order of ITAT dated 28th February, 2007, the ITAT has allowed the appeal in favour of the Company, quashing the aforesaid order under Section 263 of the Income-tax Act, 1961.		
(vii) Vide public notice under Section 40 of The Rajasthan Finance Act, 2006, the Assessing Authority has assessed the tax on Leasehold Land at Rs.95.74 Lakhs (Previous Year Nil). The Company is in the process of contesting the notice on grounds which include incorrect figures relating to area of land etc.		
(viii) Letter of Credit opened by banks on behalf of the Company	<b>5,796.00</b>	-
(ix) Guarantees given by Banks	<b>309.81</b>	34.81
(x) Guarantee given to SREI Infrastructure Finance Limited in respect of loan given by them to Goa Glass Fibre Limited.	-	40.00
(xi) Differential Insurance Premium demanded by National Insurance Company Limited on account of Machinery breakdown / Machinery breakdown loss of profit policy. (Refer Note 11 below)	<b>234.56</b>	-
4 Claims against the Company not acknowledged as debts :		
(i) Quality claims	<b>13.65</b>	13.41
(ii) Road Tax on Dumpers	<b>23.55</b>	23.55

**SCHEDULE – 15 (Contd.)**

- 5 The Company has opted for Sales Tax Incentive Scheme, 1989. Earlier 25% incentive was allowed by State Level Screening Committee, but pursuant to order of Rajasthan Tax Board, 75% incentive from Sales Tax for sales effected in Rajasthan for 9 years subject to a limit of Eligible Fixed Capital Investment (EFICI) is being availed of. The Company has availed Sales Tax Incentive of Rs.20,266.98 Lakhs upto 31st March, 2006. The Sales Tax Department filed a revision petition before the Hon'ble Rajasthan High Court, Jodhpur contesting the order of Rajasthan Tax Board, which allowed the Company to avail 75% sales tax incentive. The Hon'ble High Court has dismissed the revision petition of Sales Tax Department. The Department has filed a revision petition before Hon'ble Supreme Court. Pending the decision of the Supreme Court, no provision has been made for the differential Sales Tax Incentive of Rs.13,327.19 Lakhs (excluding interest, if any) availed by the Company till 31st March, 2006.

However, on introduction of Value Added Tax (VAT) in the State of Rajasthan w.e.f 1st April, 2006, an option has been given to switch over to deferment scheme for twice the remaining validity period as available under the erstwhile Sales Tax Incentive Scheme, 1989 subject to the original limit of EFICI. The Company has exercised this option w.e.f 1st April, 2006 under which 75% of VAT collected and payable after the said date is being deferred for a period of 7 years.

- 6 In view of inordinate delay in obtaining requisite land related clearance in Gurgaon, Haryana, the Plant and Machinery relating to the Company's ready mix concrete plant, lying uninstalled at the aforesaid location, have been shifted to Binanigram as an interim measure for utilising the same for the civil construction in the expansion project undertaken by the Company at Binanigram. The ready mix concrete plant has since been installed at the Binanigram Plant. Depreciation aggregating to Rs. 24.05 Lakhs for the period after installation (Rs. 7.04 Lakhs upto 31st March, 2006) has been capitalised in respect of the expansion project. Further, the expenditure related to civil works, site development, etc. at the aforesaid location has been written-off during the year.

- 7 During the year ended 31st March, 2005, the proposal of Binani Industries Limited (BIL) - the holding company made to Industrial Development Bank of India (IDBI) requesting modifications for Restructuring Packages (RP) sanctioned earlier to BIL, Binani Zinc Limited (BZL) and the Company, was agreed in principle by IDBI with effect from 1st October, 2004 vide IDBI's letter dated 31st March, 2005. As per the RP, certain term loans were transferred from BIL to BZL and the Company. Further, the Company was required to fulfill several conditions/requirements, which were complied with. The confirmation from IDBI for fulfillment of aforesaid conditions/requirements is awaited.

Further, the Company, commencing from 1st October, 2004, has accounted for the interest charged on the various Loans/Funded Interest Term Loans at a lower rate as sanctioned in the RP. Such reduction in interest aggregating to Rs.1,361.21 Lakhs for the period from 1st October, 2004 to 31st March, 2005 was converted to Zero Coupon Loan (ZCL) by IDBI, during the year ended 31st March, 2005, on which a view will be taken by IDBI for waiver of the same on annual review and compliance of all terms of the RP by the Company to the satisfaction of IDBI. However, the Company had, in the year ended 31st March, 2005 not accounted for the aforesaid interest which was converted to ZCL by IDBI in the profit and loss account, as it is hopeful of receiving the aforesaid waiver on fulfilling all the conditions mentioned in the RP, which have since been complied with.

- 8 The Scheme of Arrangement between the Company and Daisy Commercials Private Limited (DCPL) and their respective shareholders under Sections 391 and 394 of the Companies Act, 1956 for transfer of the investment division of the Company, consisting of investments/application money for investments in various unlisted companies aggregating to Rs.2,316.16 Lakhs, to DCPL with effect from 1st April, 2005, was approved by the shareholders on 15th July, 2005 and by the Hon'ble High Court at Calcutta by its Order dated 17th August, 2005. Certified copy of the said Order was filed with the Registrar of Companies on 6th September, 2005.

In accordance with the terms of the said Scheme, the Company transferred the aforesaid investment division to DCPL on 29th September, 2005 against which DCPL has allotted 13,966,434 Equity Shares of Rs. 10/- each credited as fully paid-up aggregating to Rs.1,396.64 Lakhs to the shareholders of the Company based on the option forms received by DCPL from the shareholders. On allotment of the aforesaid shares by DCPL, 13,966,434 Equity Shares of Rs.10/- each fully paid-up of the Company held by such shareholders stand cancelled and the paid-up Share Capital of the Company is accordingly reduced to Rs.20,310.13 Lakhs divided into 203,101,274 Equity Shares of Rs. 10/- each fully paid-up. The difference of Rs.919.52 Lakhs, has been adjusted against the balance in the Profit and Loss Account in accordance with the terms of the Scheme.

The approval to the said Scheme has been received from one of the Financial Institutions, while that of the one other Institution and Bank are awaited. However, the loans of the said FI and the Bank have been repaid and there are no outstandings as at the end of the year.

		For the year ended 31st March, 2007	For the year ended 31st March, 2006
9	Particulars in respect of goods manufactured:		
	Cement (MT) Installed Capacity (Annual)	2,250,000	2,250,000*
	Actual Production	2,428,359	2,313,019
	Clinker (MT) Actual Production	1,992,762	1,965,666

\* Increased from 2,200,000 MT to 2,250,000 MT with effect from 31st December, 2005.

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## SCHEDULE – 15 (Contd.)

Licensed capacity is not indicated due to abolition of Industrial Licenses as per Notification No. 477(E) dated 25th July, 1991 issued under The Industries (Development and Regulation) Act, 1951.

Installed capacity being a technical matter, the same has been assessed by the management and relied upon by the Auditors.

### 10 LOANS - SECURED

#### A. TERM LOANS

##### I) Financial Institutions

Industrial Development Bank of India Ltd. (IDBI) - Rupee Term Loans / Rupee Tied Foreign Currency Loans / Funded Interest Term Loans - Outstanding Rs.33,500.51 Lakhs (Previous year Rs.36,571.52 Lakhs)

The above term loans include loans aggregating to Rs. 8,098.74 Lakhs ( Previous year Rs.8,813.79 Lakhs), which were transferred from BIL to the Company with effect from 1st October, 2004 vide letter No.H.O.CFD-II.B-18/BCL/ 2274 dated 31st March, 2005 received from IDBI and agreement of take over of loans liabilities dated 30th September, 2005.

Secured / to be secured by (a) a first mortgage and charge created on immovable properties of the Company at Binanigram, Pindwara, Sirohi, in Rajasthan (except the assets of the first phase of the 2X22.30 MW captive thermal power plant comprising of 1X22.30 MW thermal power plant, associated equipment and shared facilities which are exclusively charged on first charge basis to GE Capital Services India), Binani Zinc Limited (erstwhile Zinc Division of BIL) (BZL) at Binanipuram, Kerala (a subsidiary of BIL) and of BIL ,both present and future, (b) first charge by way of hypothecation on all movables of the Company at Binanigram, Pindwara, Sirohi in Rajasthan and BZL at Binanipuram, Kerala, and BIL (save and except book debts) including movable machinery, machinery spares, tools and accessories, present and future, subject to charges on specified movables created and / or to be created for securing the borrowings for working capital requirements from Banks and ranking pari-passu with mortgages and charges created and / or to be created in favour of Institutions / Banks / Debenture Trustee(s)/Other Term Lenders as detailed in the respective loan agreement(s) / deed(s) of hypothecation / debenture trust deed(s) executed by the Company, (c) Corporate Guarantee of BIL and Personal Guarantee of a Director of the Company,(d) Pledge of 103,581,650 Equity Shares of Rs. 10 each held by BIL on pari passu basis with UTI Bank Ltd for Debentures of Rs.7,000.00 Lakhs, (e) Pledge of 4,200,000 6% Non Cumulative Redeemable Preference Shares of Rs.100 each of Goa Glass Fibre Limited held by BIL, (f) pari passu charge on Trust & Retention Account and (g) pari passu second charge on the immovable assets relating to the first phase of the 2x22.3 MW captive thermal power plant comprising of 1x22.3 MW captive thermal power plant, associated equipments and shared facilities.

##### II) Banks

i) Punjab National Bank - Rupee Term Loan - Outstanding Rs.16.75 Lakhs (Previous year Rs.25.00 Lakhs)  
Secured/to be secured by a first pari-passu charge on the Alternate Fuel Feeding System.

ii) Oriental Bank of Commerce - Rupee Term Loan - Outstanding Rs.2,000.00 Lakhs (Previous year Nil)

Secured / to be secured by (a) a first mortgage and charge created on immovable properties of the Company at Binanigram, Pindwara, Sirohi, in Rajasthan (except the assets of the first phase of the 2X22.30 MW captive thermal power plant comprising of 1X22.30 MW thermal power plant, associated equipment and shared facilities which are exclusively charged on first charge basis to GE Capital Services India), both present and future, (b) first charge by way of hypothecation on all movables of the Company at Binanigram, Pindwara, Sirohi in Rajasthan (save and except book debts) including movable machinery, machinery spares, tools and accessories, present and future, subject to charges on specified movables created and / or to be created for securing the borrowings for working capital requirements from Banks and ranking pari-passu with mortgages and charges created and/or to be created in favour of Institutions / Banks / Debenture Trustee(s)/Other Term Lenders as detailed in the respective loan agreement(s) / deed(s) of hypothecation / debenture trust deed(s) executed by the Company, (c) Corporate Guarantee of BIL and (d) pari passu second charge on the immovable assets relating to the first phase of the 2x22.3 MW captive thermal power plant comprising of 1x22.3 MW captive thermal power plant, associated equipments and shared facilities.

iii) J P Morgan Chase Bank National Association - Rupee Term Loans - Outstanding Rs. 4,500.00 Lakhs (Previous year Nil)

To be secured by (a) first mortgage and charge created on immovable properties of the Company at Binanigram, Pindwara, Sirohi, in Rajasthan (except the assets of the first phase of the 2X22.30 MW captive thermal power plant comprising of 1X22.30 MW thermal power plant, associated equipments and shared facilities which are exclusively charged on first charge basis to GE Capital Services India), both present and future, ranking pari-passu with mortgages and charges created and/or to be created in favour of Institutions / Banks / Debenture Trustee(s) as detailed in the respective loan agreement(s) / deed(s) of hypothecation / debenture trust deed(s) executed by the Company and (b) pari passu charge on Trust and Retention Account. and (c) pari passu second charge on the immovable assets relating to the first phase of the 2x22.3 MW captive thermal power plant comprising of 1x22.3 MW captive thermal power plant, associated equipments and shared facilities.

The Company has received letter dtd 17th October, 2006 from J P Morgan Securities India Pvt. Ltd. in terms of clause 20.1 of Facility agreement intimating the Company that they propose to assign the facility of Rs.13,000

**SCHEDULE – 15 (Contd.)**

Lakhs together with rights and commitment in favour of J P Morgan Chase Bank, Mumbai. Vide agreement dated 2nd April, 2007 the facility granted to the Company has been refinanced by JP Morgan Chase Bank N. A. on identical terms and conditions. Out of total facility of Rs.13,000.00 Lakhs, Rs.8,500.00 Lakhs were disbursed by JP Morgan Securities India Pvt. Ltd. while Rs.4,500.00 Lakhs have been disbursed by JP Morgan Chase Bank, Mumbai (Refer (III) (i) below).

**III) Others**

- i) J P Morgan Securities India Private Limited - Rupee Term Loans - Outstanding Rs.8,500.00 Lakhs (Previous year Rs.8,500.00 Lakhs)

Secured by (a) first mortgage and charge created on immovable properties of the Company at Binanigram, Pindwara, Sirohi, in Rajasthan (except the assets of the first phase of the 2X22.30 MW captive thermal power plant comprising of 1X22.30 MW thermal power plant, associated equipments and shared facilities which are exclusively charged on first charge basis to G E Capital Services India), both present and future, ranking pari-passu with mortgages and charges created and/or to be created in favour of Institutions / Banks / Debenture Trustee(s) as detailed in the respective loan agreement(s) / deed(s) of hypothecation / debenture trust deed(s) executed by the Company (b) pari passu charge on Trust and Retention Account and (c) pari passu second charge on the immovable assets relating to the first phase of the 2x22.3 MW captive thermal power plant comprising of 1x22.3 MW captive thermal power plant, associated equipments and shared facilities.

Vide agreement dated 2nd April, 2007 the facility granted to the Company has been refinanced by JP Morgan Chase Bank N. A. on identical terms and conditions. Out of total facility of Rs.13,000.00 Lakhs, Rs.8,500.00 Lakhs were disbursed by JP Morgan Securities India Pvt. Ltd. while Rs.4,500.00 Lakhs have been disbursed by JP Morgan Chase Bank, Mumbai (Refer (II) (iii) above).

- ii) Srei Infrastructure Finance Limited - Rupee Term Loans - Outstanding Rupees Nil (Previous year Nil )

Secured/ to be secured by (a) Exclusive first charge on the Assets of the First phase of 2X22.30 MW captive power plant comprising of 1X22.30 MW captive power plant and common amenities, both present and future,(b) Corporate Guarantee of BIL and (c)Pari passu charge on Trust and Retention Account.

The facility has been repaid in full and the charge has since been satisfied.

- iii) GE Capital Services India - Rupee Term Loans - Outstanding Rs. 4,997.59 Lakhs (Previous year Nil )

Secured by (a) first mortgage and exclusive charge created on immovable properties for first phase of 2X22.30 MW captive thermal power plant comprising of 1X22.30 MW thermal power plant, all associated equipment and shared facilities situated at Pindwara, Sirohi, Rajasthan and all goods and equipments forming part of the plant both present and future, (b) Secured by pari passu first mortgage and charge on underlying land and building for the first phase of 2X22.30 MW captive power plant comprising of 1x22.30 MW thermal power plant, associated equipments and shared facilities situated at Binanigram, Pindwara, Sirohi in Rajasthan both present and future, (c) pari passu charge on Trust and Retention Account and (d) Corporate Guarantee of BIL.

**B DEBENTURES**

- i) 9.5% Secured Redeemable Non Convertible Debentures (9.5% NCD) - Outstanding Rs.6,708.33 Lakhs (Previous year Rs.7,000 Lakhs)

Secured by (a) a charge created on the moveable and immoveable properties of the Company located at Binanigram, Pindwara, Sirohi in Rajasthan (except the assets of the first phase of the 2X22.30 MW captive thermal power plant comprising of 1X22.30 MW thermal power plant, associated equipments and shared facilities which are exclusively charged on first charge basis to GE Capital Services India), both present and future and exclusive first charge on plot of land situated at village Mouj, Dhanot, Kalol, Mehsana, Gujarat subject to charges on specified movables created for securing the borrowings for working capital requirements from Banks ranking pari-passu with charges created and/or to be created in favour of Financial Institutions/Banks/Debenture Trustee(s) executed by the Company , (b) Corporate Guarantee of BIL (c) Pledge of 103,581,650 Equity Shares of Rs. 10 each held by BIL on pari passu basis with IDBI, (d) Personal Guarantee of a Director of the Company and (e) pari passu charge on Trust and Retention Account.

The Debenture shall be redeemable in a period of 6 years in quarterly instalments commencing from 31st March, 2007 and ending on 31st December, 2012.

- ii) 9.5% (Reset Rate) Secured Redeemable Non Convertible Debentures (9.5% SRNCD) - Outstanding Rs.4,000.00 Lakhs (Previous year Nil)

Secured by (a) a charge created on the moveable and immoveable properties of the Company located at Binanigram, Pindwara, Sirohi in Rajasthan (except the assets of the first phase of the 2X22.30 MW captive thermal power plant comprising of 1X22.30 MW thermal power plant, associated equipments and shared facilities which are exclusively charged on first charge basis to GE Capital Services India), both present and future and exclusive first charge on plot of land situated at village Mouj, Dhanot, Kalol, Mehsana, Gujarat subject to charges on specified movables created for securing the borrowings for working capital requirements from Banks ranking pari-passu with charges created and/or to be created in favour of Financial Institutions/Banks/Debenture Trustee(s) executed by the Company, (b) Corporate Guarantee of BIL and (c) pari passu charge on Trust and Retention Account.

The Debenture shall be redeemable at par in a period of 5 years with moratorium of 2 years in quarterly instalments commencing from 30th September, 2008 and ending on 30th June, 2011.

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## SCHEDULE – 15 (Contd.)

### C WORKING CAPITAL DEMAND LOANS / CASH CREDIT FROM BANKS

Banks - Rs.1,651.20 Lakhs (Previous year Rs.1,336.00 Lakhs)

Secured against (a) hypothecation of Raw Materials, Stock in Trade, Stock-in-Process, Finished Goods, Book Debts and other Receivables belonging to the Company, second charge on immovable properties of the Company and Corporate Guarantee of BIL and (b) pari passu charge on Trust and Retention Account. .

### D OTHER LOANS

Hire Purchase Arrangement - Outstanding Rs.2.36 Lakhs (Previous year Rs.3.95 Lakhs)

Secured by hypothecation of respective vehicle. The title in the property of respective vehicle to pass on payment of final instalment.

- 11 Due to a breakdown in the cooling tower attached to the captive power plant (CPP), the CPP was not in operation during the period from 4<sup>th</sup> August, 2005 to 30<sup>th</sup> September, 2005. As a result, power was drawn from the Jodhpur Vidyut Vitran Nigam Limited's grid during the said period. However, due to the load restrictions in the grid, which were particularly severe during the period from 30<sup>th</sup> August, 2005 to 8<sup>th</sup> September, 2005, production of cement was adversely effected. The Company has lodged claims for machinery breakdown for Rs.80.78 Lakhs and for loss of profit due to the breakdown, for Rs.856.97 Lakhs with the National Insurance Company Limited (NICL), which has not been settled by NICL.

The Company had initially accounted for the Insurance Claim aggregating to Rs.568.00 Lakhs on the basis of an experts opinion about the best estimate of the aforesaid claim in the interim accounts for the period from 1st April, 2005 to 31st December, 2005. However, considering the delay in processing of the claims by NICL the said amount was reversed in the financials for the year ended 31st March, 2006, on a conservative basis.

The Company is exploring various options, including legal, to proceed in the matter. The accounting for the said claim will be done in the period of settlement thereof.

### 12 Other Income

(Rs. Lakhs)

	For the year ended 31st March, 2007	For the year ended 31st March, 2006
i) Scrap Sales	158.21	61.19
ii) Interest on Fixed Deposits (Tax deducted at source Rs. 19.32 Lakhs) (Previous year Rs. 15.31 Lakhs)	109.00	69.79
iii) Write back of Interest	–	54.33
iv) Insurance Claim (Refer Note 11 above)	21.55	65.29
v) Income from 'inadvertent' flow of surplus power to Rajasthan Power Procurement Centre	118.29	120.87
vi) Exchange Fluctuation (Net)	–	25.71
vii) Received from Life Insurance Corporation of India on closure of Superannuation Scheme	17.10	–
viii) Profit on Sale of Investments	1.84	–
ix) Miscellaneous Income	31.80	81.92
<b>TOTAL</b>	<b>457.79</b>	<b>479.10</b>

### 13 (a) Raw Material Consumption :

(Rs. Lakhs)

	For the year ended 31st March, 2007		For the year ended 31st March, 2006	
	QUANTITY (MT)	VALUE	QUANTITY (MT)	VALUE
<b>Indigenous</b>				
Limestone *	3,014,245	2,750.19	2,967,733	2,378.12
Silica Sand (with iron)	4,450	18.07	18,893	70.25
Gypsum	145,197	1,286.08	165,549	1,060.78
Fly Ash	293,266	2,020.38	198,858	948.45
<b>TOTAL</b>		<b>6,074.72</b>		<b>4,457.60</b>

\* Direct Cost of mining and crushing including Royalty and Cess.

**SCHEDULE – 15 (Contd.)**

(b) **Spares and Components Consumed:**

(Rs. Lakhs)

	For the year ended 31st March, 2007		For the year ended 31st March, 2006	
	VALUE	%	VALUE	%
Imported	285.23	18.87	383.44	26.50
Indigenous	1,226.21	81.13	1,063.61	73.50
<b>TOTAL</b>	<b>1,511.44</b>	<b>100.00</b>	<b>1,447.05</b>	<b>100.00</b>

(Rs Lakhs)

	For the year ended 31st March, 2007	For the year ended 31st March, 2006
<b>14 Managerial Remuneration</b>		
Salary	81.18	79.98
Contribution to Provident and Other Funds	3.05	0.41
Perquisites *	6.76	8.05
<b>TOTAL</b>	<b>90.99</b>	<b>88.44</b>
* Does not include monetary value of non cash perquisites as per Income-tax Act,1961.		
<b>15 Value of imports calculated on C.I.F. basis :</b>		
Capital Goods	6,700.44	182.72
Stores and Spare Parts of Machinery	219.53	249.19
<b>16 Expenditure in Foreign Currency (on Payment basis) :</b>		
Interest	59.73	51.33
Others	15.47	4.65
<b>TOTAL</b>	<b>75.20</b>	<b>55.98</b>
<b>17 Earnings in Foreign Exchange</b>		
Exports - F.O.B. basis	–	2.82
<b>18 Remuneration to Joint Auditors</b>		
Statutory Audit Fees (Previous year includes Rs. 2 Lakhs of earlier year)	15.00	14.00
For Audit of Accounts for the interim period	–	8.00
For other matters	0.35	–
Reimbursement of expenses	0.63	0.09
<b>TOTAL</b>	<b>15.98</b>	<b>22.09</b>

19 During the current year, in order to have more appropriate presentation of the fixed assets and with regard to the amounts involved, the Company changed its policy of capitalising mobile phones as part of plant and machinery, hitherto followed. Accordingly, the written down value as at 1st April, 2006 of such mobile phones aggregating to Rs.1.70 Lakhs has been written off during the year. Further the cost of the mobile phones purchased henceforth will be charged to the profit and loss account in the year of purchase. The impact of the aforesaid change on the profit for the period will not be material.

20 Selling and Administration Expenses include Rs. 80.70 Lakhs (Previous year Rs.162.70 Lakhs), being the Company's share in 90% of the total common expenses allocated by Binani Industries Limited (BIL) to its subsidiaries. During the previous year, the Company has entered into a formal agreement dated 23rd September, 2005 with BIL to the aforesaid effect.

Rs.Nil (Previous year Rs.1.79 Lakhs), being share of common expenses of Project Office of BIL allocated to the subsidiaries of BIL on the basis of time spent in the project activities of the subsidiaries has been capitalised to ongoing projects.

Interest and Finance charges are net of Rs. 587.34 Lakhs (Previous year Rs. 947.65 Lakhs), being interest allocated by the Company to Binani Industries Limited based on balances in the current account.

## Binani Cement Limited

(Subsidiary of Binani Industries Limited)

annual report 2006-2007

### SCHEDULE – 15 (Contd.)

- 21 The Company's expansion project at its existing site for increasing its present production capacity of cement along with captive power plants is under implementation. Incidental expenses pertaining to the project incurred, included under capital work in progress, are as under.

	For the year ended 31st March, 2007	For the year ended 31st March, 2006
		(Rs Lakhs)
Balance Brought forward	501.91	–
Power and Fuel	55.59	4.27
Other Operating Expenses	62.95	17.39
Repairs and Maintenance - Building	–	0.45
Repairs and Maintenance - Plant & Machinery	0.00	0.09
Repairs and Maintenance - Others	0.48	0.59
Salaries and Wages	32.42	21.85
Contribution to Provident and Other Funds	2.63	1.82
Workmen and Staff Welfare Expenses	0.55	0.02
Rent	3.15	2.00
Rates and Taxes	4.21	–
Insurance	113.28	53.59
Other Sundry Expenses	117.53	55.95
Depreciation	19.62	7.47
Interest - Debentures	283.18	–
Interest - Term Loans	1,267.10	141.18
Finance Charges	585.85	294.01
	<b>3,050.45</b>	<b>600.68</b>
Less:		
Interest Income on Fixed Deposits	364.72	98.63
Interest Income - Others	2.85	–
Dividend Income from Current Investments	21.08	–
Profit on Sale of Current Investments	3.71	–
Miscellaneous Income	11.29	0.14
Balance in Capital Work In Progress	<b>2,646.80</b>	<b>501.91</b>

#### Notes :

- Interest income include interest earned from the temporary investment of the surplus funds prior to their utilisation for capital expenditure. Such funds have been specifically identified for the said project.
  - Excise Duty on steel and cement amounting to Rs. 954.51 Lakhs (Previous year 222.04 Lakhs) used for Civil Construction in expansion project is transferred to Cenvat Memorandum Account. The same will be utilised on the completion of the expansion project. Unallowable amount (if any) shall be capitalised to respective Fixed Assets.
- 22 The Company has acquired assets on hire purchase, the fair value of which is Rs.7.44 Lakhs. The Company has capitalised the said assets at the fair value considering the hire purchase arrangements are in nature of Finance Lease as defined in Accounting Standard 19 on "Leases". Installment payments are apportioned between finance charge and deduction of Liabilities disclosed under Secured Loans. The details of installments payable in future are as follows :

Particulars	(Rs. Lakhs)		
	Not Later than 1 Year	Later than Year 1 not later than 5 Years	Total
Minimum Installments Payable (MIP)	1.89	0.63	2.52
	(1.89)	(2.53)	(4.42)
Present Value of Installments Payable (PVIP)	1.80	0.56	2.36
	(1.80)	(2.15)	(3.95)

(Difference between MIP and PVIP represents future financial charges)  
(Figures in bracket pertain to previous year)

**SCHEDULE – 15 (Contd.)**

- 23 The names of small scale industrial undertakings to whom the Company owe any sum together with interest outstanding for more than thirty days-

Hyderabad Castings Limited  
Hydrokrimp A.C. Private Limited  
Madhu Refractories Private Limited  
Sanghvi Engineering  
Wearresist Technologies Private Limited

As the Company does not have information as to which of its creditors is registered under The Micro, Small and Medium Enterprises Development Act, 2006, no disclosure as required by the said Act is given.

- 24 Current tax for the year is provided considering the provisions of Minimum Alternative Tax under the Income-tax Act, 1961.

Current Tax is calculated considering Capital Work-in Progress written off as an allowable expenditure under the Income Tax Act, 1961.

Deferred tax asset in respect of timing difference and unabsorbed depreciation and business loss has been recognised considering the deferred tax liability, representing depreciation, available for set off.

The Company is entitled to tax credit in respect of Minimum Alternative Tax (MAT credit) under the provisions of the Income-tax Act, 1961. However, considering the degree of probability of availment of the MAT Credit in future years, which is based on convincing evidence that the Company will pay normal tax in future as envisaged by the Guidance Note on Accounting for Credit available in respect of Minimum Alternate Tax (MAT) under the Income-tax Act, 1961, the MAT credit aggregating to Rs.2,239.88 Lakhs (Rs.1,753.28 Lakhs for the current year and Rs. 486.60 Lakhs for the previous year) has not been accounted by the Company. The accounting for the same will be reviewed at each balance sheet date.

The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:

(Rs Lakhs)

	As at 31st March, 2007	As at 31st March, 2006
a) Deferred Tax Liability		
Depreciation	8,344.39	8,563.64
Total	<u>8,344.39</u>	<u>8,563.64</u>
b) Deferred Tax Asset		
Disallowance under Income-tax Act, 1961	(124.47)	(76.67)
Unabsorbed losses and depreciation *	(3,908.62)	(8,486.97)
Total	<u>(4,033.09)</u>	<u>(8,563.64)</u>
Deferred Tax (net)	<u>4,311.30</u>	-
Rounded off	<u>4,312.00</u>	-

\* The above deferred tax assets include Rs. 455.11 Lakhs (Previous year Rs.Nil) relating to disallowances of certain expenses in the assessment, which has been disputed by the Company in appeal and which the Company is hopeful of success.

- 25 The Company operates in a single segment i.e., "Production and Sales of Cement in India". The Company's entire cement sales are in India. Hence no additional disclosure under Accounting Standard - 17, "Segment Reporting" are required in these financial statements.

## Binani Cement Limited

(Subsidiary of Binani Industries Limited)

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### SCHEDULE – 15 (Contd.)

26 Related Party disclosure as per Accounting Standard 18 “Related Party Disclosures” issued by the ICAI :

The Company has entered into transactions in ordinary course of business with related parties at arms length as per details below:

(Rs. Lakhs)

Particulars	Holding Company	Fellow Subsidiary	Enterprises where Key Management Personnel has got significant influence	Total
Payment of Services Charges - Triton Trading Co. Pvt. Limited	-	-	- (32.40)	- (32.40)
Payment of Rent - Triton Trading Co. Pvt. Limited	-	-	- (3.60)	- (3.60)
Purchases of water tank - B T Composites Ltd.	-	103.80	-	103.80
Balance outstanding as on 31st March, 2007	-	15.27	-	15.27
Receipt (Net) arising out of transactions in current account - Binani Industries Ltd.	6,022.09 (7,544.98)	-	-	6,022.09 (7,544.98)
Balance outstanding as on 31st March, 2007	7,649.12 (13,671.21)	-	-	7,649.12 (13,671.21)

(Figures in bracket pertain to previous year)

#### Note:

- The remuneration paid to key management personnel Mr. P. Sheoran (Rs. 23.88 Lakhs), Mr. A. Signapurkar (Rs.12.21 Lakhs) and Mr. D Sundararajan (Rs.54.90 Lakhs) and payment towards expenses allocated by holding company and interest allocated to holding company have been separately disclosed vide note nos.14 and 20 respectively.
- Guarantees given/to be given to Banks and Financial Institutions by Holding Company and Mr. Braj Binani on behalf of the Company have been separately disclosed under Note no. 10
- Names of related parties and description of relationship:
  - Holding Company : Binani Industries Limited.
  - Fellow Subsidiary : Binani Zinc Limited, Goa Glass Fibre Limited, B T Composites Limited.
  - Key Management Personnel: Mr. Braj Binani, Mr.P. Sheoran, Mr. A.Singapurkar (upto 8th July, 2006) and Mr. D.Sundararajan .

27 Earning Per Share is calculated as follows:

(Rs Lakhs)

	For the year ended 31st March, 2007	For the year ended 31st March, 2006
Net Profit After Tax	9,561.10	5,295.88
Equity Shares outstanding as at the period end (in Nos.)	203,101,274	203,101,274
Weighted average number of Equity Shares used as denominator for calculating Basic and Diluted Earning Per Share	203,101,274	203,101,274
Nominal Value per Equity Share (in Rs.)	10/-	10/-
Earning Per Share (Basic and Diluted) (in Rs.)	4.71	2.61

**SCHEDULE – 15 (Contd.)**

- 28 The applicability of Revised Accounting Standard 15 on “Employees Benefits” (AS 15) issued by the ICAI, which was earlier applicable with effect from 1st April 2006, has been postponed and is now applicable for accounting periods commencing on or after 7th December, 2006. Accordingly, the Company will adopt the said AS 15 in the period in which the same becomes applicable to the Company.
- 29 Previous year figures have been regrouped wherever necessary to conform with the figures of the current year.

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As per our attached Report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For Kanu Doshi Associates**  
Chartered Accountants

**A. B. Jani**  
Partner

**Jayesh Parmar**  
Partner

Place : Mumbai  
Date : 23rd April, 2007

**For and on behalf of the Board of Directors**

**M.K. Chattopadhyaya**  
Chief Financial Officer

**Braj Binani**  
Chairman

**Atul Falgunia**  
Company Secretary

**Sushil Bhatler**  
Director

**D. Sundararajan**  
Executive Director

Place : Mumbai  
Date : 23rd April, 2007

# Binani Cement Limited

(Subsidiary of Binani Industries Limited)

annual report 2006-2007

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rs lakhs)

PARTICULARS	For the year ended 31st March, 2007	For the year ended 31st March, 2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	15,657.28	5,807.40
Adjustments for :		
Depreciation/Amortisation	4,345.64	4,290.61
Interest and Finance Charges	3,262.02	3,417.44
Exchange Fluctuation (Net)	(8.01)	6.42
(Profit)/ Loss on Sale/Discard of Fixed Assets	214.96	333.30
Capital Work-in Progress Written off	192.96	-
Bad Debts Written off	11.26	-
Sundry Balances Written back	(0.03)	-
Profit on Sale of Investment	(1.84)	-
Interest Income	(109.00)	(69.79)
<b>Operating Profit before Working Capital changes</b>	<b>23,565.24</b>	<b>13,785.38</b>
Adjustments for :		
Inventories	(2,369.81)	(7.29)
Trade and Other Receivables	(4,731.41)	(485.43)
Trade and Other Payables	7,602.39	(284.61)
<b>Cash Generated from Operations</b>	<b>24,066.41</b>	<b>13,008.05</b>
Direct Taxes Paid / Refunds	(1,002.05)	(77.87)
<b>Net Cash from Operating Activities</b>	<b>23,064.36</b>	<b>12,930.18</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (including capital work-in-progress)	(44,590.20)	(11,184.56)
Purchase of Investments	(3,921.08)	-
Sale of Fixed Assets	49.33	25.04
Interest and Dividend Income Received	460.73	57.87
Sale of Investments	3,926.63	-
Other Advances (Including advances to Binani Industries Limited, the Holding Company)	6,022.09	7,544.98
<b>Net Cash from / (in) Investing Activities</b>	<b>(38,052.50)</b>	<b>(3,556.67)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	18,904.97	15,604.43
Repayment of Long Term Borrowings	(6,779.90)	(11,213.07)
Dividend / Dividend Distribution Tax Paid	(1,147.12)	-
(Repayment of)/ Proceeds from Bank Borrowings (Net)	315.20	634.76
Proceeds from Trade Deposits	322.75	47.15
Interest and Finance Charges Paid	(5,357.16)	(4,062.29)
Proceeds from Deferment of Value Added Tax	3,223.27	(990.00)
<b>Net Cash from / (in) Financing Activities</b>	<b>9,482.01</b>	<b>20.98</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(5,506.13)</b>	<b>9,394.49</b>
<b>E. OPENING CASH AND CASH EQUIVALENTS</b>	<b>10,275.87</b>	<b>881.38</b>
<b>F. CLOSING CASH AND CASH EQUIVALENTS</b>	<b>4,769.74</b>	<b>10,275.87</b>

Note:

Cash and Cash Equivalents include cash on hand, bank balance, remittances in transit and cheques in hand (Refer Schedule 7).

As per our attached Report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For Kanu Doshi Associates**  
Chartered Accountants

**A. B. Jani**  
Partner

**Jayesh Parmar**  
Partner

Place : Mumbai  
Date : 23rd April, 2007

For and on behalf of the Board of Directors

**M.K. Chattopadhyaya**  
Chief Financial Officer

**Braj Binani**  
Chairman

**Atul Falgunia**  
Company Secretary

**Sushil Bhatler**  
Director

**D. Sundararajan**  
Executive Director

Place : Mumbai  
Date : 23rd April, 2007

**Part IV**

**Balance Sheet Abstract and Company's General Business Profile**

**I REGISTRATION DETAILS**

Registration No. 

7	6	6	1	2
---	---	---	---	---

 State Code : 

2	1
---	---

  
Balance Sheet Date 

3	1	/	0	3	/	2	0	0	7
---	---	---	---	---	---	---	---	---	---

**II CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)**

Public Issue 

N	i	l
---	---	---

 Right Issue 

N	i	l
---	---	---

  
Bonus Issue 

N	i	l
---	---	---

 Private Placement 

N	i	l
---	---	---

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

**(AMOUNT IN RS. THOUSANDS)**

Total Liabilities 

1	0	5	0	3	9	8	7
---	---	---	---	---	---	---	---

 Total Assets 

		1	0	5	0	3	9	8	7
--	--	---	---	---	---	---	---	---	---

**Sources of Funds**

Paid up Capital 

2	0	3	1	0	3	8
---	---	---	---	---	---	---

 Reserve and Surplus 

				9	8	1	2	4	4
--	--	--	--	---	---	---	---	---	---

  
Secured Loans 

6	5	8	7	6	9	8
---	---	---	---	---	---	---

 Unsecured Loans 

				3	2	2	3	2	7
--	--	--	--	---	---	---	---	---	---

  
Trade Deposits 

1	5	0	4	8	0
---	---	---	---	---	---

 Deferred Tax Liability (net) 

				4	3	1	2	0	0
--	--	--	--	---	---	---	---	---	---

**Application of Funds**

Net Fixed Assets (Incl. Capital Work-In-Progress) 

1	0	1	0	3	2	2	6
---	---	---	---	---	---	---	---

 Investments 

N	i	l
---	---	---

  
Net Current Assets 

4	0	0	7	6	1
---	---	---	---	---	---

**IV PERFORMANCE OF THE COMPANY (AMOUNT IN RS THOUSANDS)**

Turnover 

6	7	9	8	3	3	9
---	---	---	---	---	---	---

 Total Expenditure 

5	2	7	8	3	9	0
---	---	---	---	---	---	---

  
Profit/(Loss) Before Tax 

1	5	6	5	7	2	8
---	---	---	---	---	---	---

 Profit/(Loss) After Tax 

9	5	6	1	1	0
---	---	---	---	---	---

  
Earning Per Share (Rs.) 

4	.	7	1
---	---	---	---

 Dividend Rate % 

2	0
---	---

**GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)**

Item	Code No. (ITC Code)	Product Description						
1	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>2</td><td>5</td><td>2</td><td>3</td><td>2</td><td>9</td></tr></table>	2	5	2	3	2	9	Ordinary Portland Cement
2	5	2	3	2	9			
2	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>2</td><td>5</td><td>2</td><td>3</td><td>1</td><td>0</td></tr></table>	2	5	2	3	1	0	Clinker
2	5	2	3	1	0			



**Binani**

**Binani Cement Limited**

(Subsidiary of Binani Industries Limited)

Registered Office : 706, Om Tower, 32, Chowringhee Road, Kolkata – 700 071

**PROXY FORM**

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
being a Member/Members of **BINANI CEMENT LIMITED** hereby appoint  
\_\_\_\_\_ or failing him  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
of \_\_\_\_\_  
in the district of \_\_\_\_\_

as my/our Proxy to attend and vote for me/us and on my/our behalf at the **ELEVENTH ANNUAL GENERAL MEETING** of the Company to be held at 2.00 p.m. at Kala Mandir, 48, Shakespear Sarani, Kolkata -700 017 on Monday, the 2<sup>nd</sup> July, 2007 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2007

Signature(s)  
of the Members)

Folio No. \_\_\_\_\_

Dp. ID\* \_\_\_\_\_

Client ID\* \_\_\_\_\_

Note

i) This Proxy Form must be deposited at the Registered Office of the Company, not later than 48 hours before the time of the meeting.

ii) A Proxy need not be a member

\*Applicable for Investors holding shares in Electronic Mode

**Affix  
Revenue  
Stamp**

**Binani**

**Binani Cement Limited**

(Subsidiary of Binani Industries Limited)

Registered Office : 706, Om Tower, 32, Chowringhee Road, Kolkata – 700 071

**ATTENDANCE SLIP**

(To be handed over at the entrance of the Meeting Hall)

I hereby record my presence at the **ELEVENTH ANNUAL GENERAL MEETING** at 2.00 p.m. at Kala Mandir, 48, Shakespear Sarani, Kolkata -700 017 on Monday, the 2<sup>nd</sup> July, 2007.

Name of the Member \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Folio No. \_\_\_\_\_

DP ID\* \_\_\_\_\_ Client ID\* \_\_\_\_\_

Name of Proxy/Representative (in Block Letters)

(To be filled in if the Proxy attends instead of the Member)

Signature of the Members of Proxy/Representative.

\* Applicable for Investors holding shares in Electronic Mode.