

BOARD OF DIRECTORS

Mr. Braj Binani	Chairman
Mr. S. Padmakumar	
Dr. V. C. Shah	
Mr. A. C. Chakrabortti	
Mr. Sushil Bhatler	Wholetime Director & Group C.E.O.
Mr. G. Venkatakrishnan	(upto 28/04/2006)

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. T.R.C. Nair

CHIEF FINANCIAL OFFICER

Mr. M.K. Chattopadhyaya

CORPORATE MANAGEMENT

Mr. Braj Binani	-	Co-ordinator
Mr. Sushil Bhatler	-	Group CEO
Mr. A.V. Singnapurkar	-	President (Works) (BCL)
Mr. D. Sundararajan	-	Executive Director (BCL)
Mr. T.R.C. Nair	-	Executive Vice President (Corporate & Legal)

SENIOR MANAGEMENT

Mr. M.K. Chattopadhyaya	-	Sr.VP (Corporate)
Mr. A.K. Jain	-	VP (Finance & Banking)
Mr. K. Roshan	-	VP
Mr. Murali Subramanian	-	VP
Mr. Amit Singha	-	VP (New Delhi)
Mr. R. Srinivasan	-	AVP
Mr. K. Sasikumar	-	AVP (Taxation.)
Mr. Atul Falgunia	-	AVP (Secretarial)
Mrs. Vishalakshi Sridhar	-	AVP (Finance)

AUDITORS

M/s. Kanu Doshi Associates, Mumbai

BANKERS

Punjab National Bank

LOCATIONS:**Registered Office of the Company & its Subsidiaries****(Except R.B.G. Minerals Inds. Ltd.,****Ess Vee Alloys Pvt. Ltd. and****Opticon Consultants Pvt. Ltd.)**

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

Email: binanical@vsnl.net

Phone: 03322882508

Fax: 03322882510

Corporate Offices of the Company & its Subsidiaries**and Registered Offices of Ess Vee Alloys Pvt. Ltd.****and Opticon Consultants Pvt. Ltd.**

Mercantile Chambers, 12, J. N. Heredia Marg,

Ballard Estate, Mumbai 400 001.

Email: trc@binani.net

Phone: 02222640040/1/2/3/4

Fax: 02222640045

Mumbai Office of the Company & its Subsidiaries

Feltham House, 10, J. N. Heredia Marg,

Ballard Estate, Mumbai 400 001.

Phone: 02222634951/2/3

Fax: 02222634960

SUBSIDIARIES**Binani Zinc Limited**

Binanipuram, Ernakulam, Kerala 683502

Binani Cement LimitedBinanigram, Pindwara,
Dist. Sirohi, Rajasthan 307025**Goa Glass Fibre Limited**

Colvale, Bardez, Goa 403 513

Binani Lead Limited

Wada, Dist. Thane, Maharashtra.

BT Composites LimitedC5 to C9, Madkaim Industrial Estate,
Mardol Post, Madkaim,
Goa 403 404.**Ess Vee Alloys Private Limited.**Plot No.113, D.S.S. Industrial Estate,
Piparia, Silvassa 396 230
Dadra & Nagar Haveli (U.T)**R.B.G. Minerals Industries Limited (Regd. Office)**17A, Old Fatehpura,
Udaipur - 313 004 (Raj.)**Opticon Consultants Pvt. Ltd.**Mercantile Chambers, 12, J. N. Heredia Marg,
Ballard Estate, Mumbai 400 001.**CONTENTS**

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Forty Third Annual General Meeting of the Company will be held at 9.30 a.m. at **Kala Mandir, 48, Shakespeare Sarani, Kolkata- 700 017** on Wednesday, the 5th July, 2006 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, 2006
2. To declare dividend
3. To appoint a Director in place of Mr. Sushil Bhatler, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. V.C. Shah, who retires by rotation and being eligible, offers himself for reappointment
5. To appoint 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 a Special Resolution:

"RESOLVED THAT subject to the provisions of Sections 198,269,309,310, Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 and subject to such other approvals as may be required the Company hereby accords its approval for the appointment of Mr. Sushil Bhatler as the Wholetime Director of the Company designated as Group CEO for a period of 5 years from 25th April, 2006 to 24th April, 2011 on the terms and conditions including remuneration and perquisites as set out in the draft agreement to be entered into between the Company and Mr. Sushil Bhatler (a copy of which is placed before the meeting) with liberty to the Board of Directors to alter and vary the terms and conditions in the said agreement as the Board of Directors may consider necessary and as may be agreed to by Mr. Sushil Bhatler 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. Sushil Bhatler be paid the same remuneration as minimum remuneration for a maximum period of 3 years or as may be permitted by the Central Government."

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

(T.R.Chandramohan Nair)
Executive Vice President (Corporate & Legal) &
Secretary

Mumbai
25th April, 2006

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 Wednesday, the 28th June, 2006 to Wednesday, the 5th July, 2006(both days inclusive).
4. Dividend, if declared, will be paid to those members whose names appear on the Company's Register of members on 5th July, 2006 on the paid up capital of the Company as on 31st March, 2006. In respect of shares held in electronic form (Demat mode), the dividend will be payable to the beneficial owners of shares as on 28th June, 2006 as per details furnished by the depositories for the purpose.
5. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all Unclaimed / Unpaid Dividends upto and inclusive of financial year 1994-1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from The Registrar of Companies, West Bengal, Nizam Palace-II, M.S.O Building, 234/4, AJC Bose Road, Kolkata - 700 020. Those members who have not encashed their dividend warrants for the financial years ended 31st March, 1999 and 31st March, 2000 may claim or approach the Company as the balance will be transferred to the fund established by the Central Government on or before the respective dates indicated below:

Dividend for the year ended 31.03.1999 - 21.01.2007
Dividend for the year ended 31.03.2000 - 11.11.2007

After the respective dates, the Shareholders are not entitled to claim these amounts pursuant to the provisions of Section 205C (2) of the Companies Act, 1956.

In respect of the dividend for the years ended 31.3.1996, 31.3.1997 and 31.3.1998 the balances on 27.8.2003, 2.12.2004 and 25.1.2006 respectively have been transferred to Investor Education & Protection Fund.

6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 read with Dept. of Company Affairs Notification F.No.5/48/2001-CL-V published in Gazette of India Extra-ordinary Part-II, Section 3, Sub Section (i) dated 16-1-02 in respect of Item No.6 of the notice along with a brief write-up about the Directors coming up for reappointment as required by the listing agreement are annexed hereto.
7. The accounts, the reports and all other documents required under the law to be annexed thereto including that of subsidiaries 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.
8. Members who are holding shares in identical names under different ledger folios are requested to apply for consolidation of such folios and send the relevant equity share certificates to M/s MCS Ltd.
9. Members who are holding shares in single name are advised, in their own interest to get the shares transferred in joint names. There is a facility available for nomination and shareholders are advised in their own interest to nominate persons for transferring the interest on those shares . Nomination form is available on request.
10. Those shareholders who have not received the adhesive stickers for affixing in the share certificates consequent upon change of name are advised to write to the Registered Office indicating the number of share certificates held.
11. As per Securities and Exchange Board of India (SEBI) communication to the Company dated 25th April, 2000, the Equity Shares of the Company are compulsorily traded in Dematerialised form only, with effect from 21st March, 2000 at the Stock Exchanges at Mumbai, Kolkata , Kochi (since delisted) and Chennai (since delisted) by all investors including individuals.

The Company has entered into Agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) which are functioning as the Depositories through intermediaries called Depository Participants (DPs). Details are available at Company's Website.

12. Members may note that the Company's website is www.binani.com
13. **In spite of repeated requests, some shareholders(mostly upto Folio No. 34409) are still holding certificates of Rs.100/- each. They are requested to surrender them immediately for exchange into shares of Rs.10/- each to the Registered Office of the Company.**
14. The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued as a measure of economy. Members are therefore requested to bring their copy of the Annual Report and Attendance Slip duly completed to the Meeting.
15. Members are requested to send all correspondence relating to shares including requests for transfers, change of address, change of status, change of mandate, fresh mandate etc. to our Share Registrars and Transfer Agents:-
M/s MCS Ltd.
 Unit: Binani Industries Limited, Harmony, Plot No.6, Sector-1, Khanda Colony, New Panvel (W)
 Navi Mumbai - 410 206 Tel. No. 2749 2003/4/6 - Fax: 2749 2005 - E-mail: mcsmum@vsnl.com
16. Shareholders who hold the shares of the Company in the dematerialised form should notify change of address if any, to the concerned Depository Participant (DP) only.
17. Binani Zinc Limited(BZL) had forwarded Physical Share Certificates to all shareholders including those who were holding shares in Dematerialised mode in the Company as on record date viz.30.4.2004 as per the scheme of arrangement for hiving off the erstwhile Zinc Division to BZL. These Shares have been issued free of cost which means the shareholders of the Company in addition to their continued shareholding in the Company have also become shareholders of BZL. Those shareholders who have not received BZL's Share Certificates are requested to contact BZL or MCS Limited immediately. The Shares of BZL can be dematted either through National Securities Depository Limited and Central Depository Services Limited and ISIN Number of the Company is INE310H01010. However being unlisted the Shares of the Company cannot be traded in demat mode.
18. Pursuant to the exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956, the Directors' Report, Auditors' Report, Balance Sheet, Profit and Loss Account of the Subsidiaries viz. Binani Cement Limited, Binani Zinc Limited, Goa Glass Fibre Limited, BT Composites Limited, Binani Lead Limited, Ess Vee Alloys Pvt. Limited, R.B.G. Minerals Industries Limited and Opticon Consultants Pvt.Limited for the year ended 31st March, 2006 are not attached to this report. The same will be furnished to the shareholders free of cost on request. They have been kept for inspection at the Registered Office of the Company and have been posted at Company's Website www.binani.com and also on SEBI website under EDIFAR. Consolidated Financial Statements for the year ended 31st March, 2006 form part of the report annexed hereto. As directed by the Central Government abstract of the Financial Statements of the Subsidiaries are attached to this report.
19. Contact Telephone Numbers and E-mail Id of:
 Compliance Officer – 022- 22634951-53 : trc@binani.net
 Dy.General Manager (Secretarial) at Registered Office at 706, Om Tower, 32 Chowringhee Road, Kolkata 700 071 : 033-22882508 : binanical@vsnl.net

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 AND DETAILS AS REQUIRED UNDER LISTING AGREEMENT

(Mr. Sushil Bhatte(Item Nos. 3 and 6)

I. GENERAL INFORMATION A/C

Binani Industries Limited(BIL) had been engaged in the manufacture of primary Zinc Metal and its by-products Cadmium and Sulphuric Acid. In the year 1994 it was decided to diversify into manufacture of Glass Fibre and Ordinary Portland Cement. In the year 1996 facilities for manufacture of Glass Fibre and articles were set up in Colvale, Bardez, Goa. In the year 1997 the Company set up facilities for manufacture of Cement at Binanigram, Pindwara, Sirohi, Rajasthan. Facilities for manufacture of Glass Fibre and Cement were set up as division of BIL. However in the year 1998 Cement division was hived off to a Wholly Owned Subsidiary, Binani Cement Limited and in the year 1999, Glass Fibre Division was hived off to a Wholly Owned Subsidiary, Goa Glass Fibre Limited. The Zinc Division was hived off to Binani Zinc Limited with effect from 1.4.2002. Presently the Company is a holding Company with no significant manufacturing activity.

II. INFORMATION ABOUT THE APPOINTEE A/C

Mr. Sushil Bhatte is B.E.Chem.(Hons) from Birla Institute of Technology, Pilani, aged 49 years was appointed as Additional Director/Wholtime Director designated as President (Projects) at the Meeting of the Board of Directors of the Company held on 19th January, 2001 and his appointment was approved at the Meeting of the Shareholders held on 24th September, 2001. Prior to his appointment as Wholtime Director in Binani Industries Limited, Mr. Sushil Bhatte has been working in the Company since 1980 in various capacities. His area of specialisation is Project Management. The major assignment handled by him has been the successful implementation of the expansion of capacity of Zinc Smelter initially from 14000 TPA to 20000 TPA and thereafter from 20000 TPA to 30000 TPA along with modernisation of the Zinc Smelter incorporating the latest state of the art of technology for the manufacture of Zinc Metal.

Mr. Sushil Bhatte has also handled the project for the manufacture of 6600 TPA Glass Fibre at Colvale, Bardez , Goa which was commissioned in March, 1996 and the Cement Slag Grinding facility at Dubai. Mr. Sushil Bhatte is presently the Group CEO. In addition to the Company, he is a Director in the following Companies also :

Binani Cement Limited	Ess Vee Alloys Pvt.Ltd.
Goa Glass Fibre Limited	Opticon Consultants Pvt.Ltd.
Binani Zinc Limited	R.B.G. Minerals Industries Limited
Binani Lead Limited	Binani Infrastructural Services Pvt.Ltd.

He is also member of the following Committees:

Audit Committee:

Binani Cement Limited,	Binani Zinc Limited,
Goa Glass Fibre Limited,	Binani Lead Limited

Finance Committee:

Binani Cement Limited,	Binani Industries Limited,
Goa Glass Fibre Ltd.,	Binani Zinc Limited (Chairman)

Remuneration Committee :

Binani Cement Limited	Goa Glass Fibre Limited
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Investor Relations Committee:

Binani Cement Limited,	Binani Industries Limited,
Goa Glass Fibre Limited,	Binani Zinc Limited (Chairman)

Offer Committee:

Binani Industries Limited	Binani Cement Limited
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He resigned as Wholtime Director in Binani Industries Limited with effect from 15th January, 2005 and was appointed Wholtime Director in Binani Zinc Limited from 16th January, 2005. He resigned as Wholtime Director in Binani Zinc Limited from 24th April, 2006 and has been appointed as Wholtime Director in Binani Industries Limited with effect from 25th April, 2006 for a period of 5 years.

The remuneration proposed to be paid to Mr. Sushil Bhatte is given below:-

1. Basic Salary	Rs.2,00,000 (Rupees Two Lakhs only) per month. Basic Salary will be revised at the end of each year by an increment not exceeding 10% or such amount as may be determined by the Board /Chairman.
2. Perquisites	
Category – A	
1. Housing	: House Rent Allowance @ 20% of Basic Salary.
2. Medical Reimbursement	: One month's Salary per annum.
3. Leave Travel Concession	: One month's Salary per annum.
Category – B	
1. (A) Provident Fund	: Company's contribution towards Provident Fund subject to ceiling of 12% of the salary.
(B) Superannuation	: NIL Contribution to Provident Fund will not be included in the computation of the ceiling of perquisites to the extent it is not taxable under the Income Tax Act.
2. Gratuity	: Gratuity will be payable for each completed year of service at the rate of 15 days' salary including for past period of service with the Company / Subsidiary Company/ Associate Company(ies)
3. Insurance	: Personal Accident Insurance as per Company's guidelines not exceeding Rs. 4,000 per annum
4. Mediclaim	: As per rules applicable to EI grade of the Company.
5. Leave	: Leave with full salary as per Rules of the Company. Leave accumulated but not availed may be encashed as per the rules of the Company from time to time.
Category – C	
1. Car	: Two (2 Nos.) Company maintained cars without driver will be provided. All expenses of cars for private purposes will be reimbursed to the Company at actuals.
2. Telephone	: Reimbursement of expenses at actual. All personal calls will be paid by the Whole-time Director

Other Terms :

Income Tax, if any, on or in respect of the aforesaid remuneration and perquisites shall be borne and paid by Mr.Sushil Bhatte.

In the event of loss or inadequacy of profits in any Financial Year, the Company may pay to Mr. Sushil Bhatler by way of salary and perquisites the same remuneration as minimum remuneration subject to such approvals including that of Central Government for a maximum period of 3 years or such period as may be permitted by Central Government.

The remuneration payable, including perquisites and the monetary value thereof, is subject to revision from time to time within the overall limits 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.

3. Recognition or Awards. : NOT APPLICABLE

4. Job Profile and his suitability :

He has been associated with the erstwhile Zinc division of the Company since 1980 and his area of specialisation is Project Management. Mr. Sushil Bhatler is presently the Group CEO of the Company and its subsidiaries and is looking after the day-to-day affairs of the Company and the Subsidiaries at the Corporate Office.

5 Comparative Remuneration profile with respect to industry, Size of Company,

Profile of the position and person :

Mr. Sushil Bhatler was a Wholtime Director designated as Group CEO in Binani Zinc Limited till 24th April, 2006. He has vast experience in handling Projects and was associated with the erstwhile Zinc division of the Company since 1980. He is having more than 22 years experience of implementing various diversification and expansion projects. He has successfully handled implementation of the Expansion of Zinc Smelter and its modernisation , implemented the Glass Fibre Project at Goa and Cement Slag Grinding Facility at Dubai. Considering his experience and the responsibilities given of handling different projects the remuneration proposed to be paid is comparable with the prevailing Market rate. If the Company does not pay the Remuneration as proposed the Company may find difficult to find such an experienced technocrat. Under the circumstances the Company is seeking your approval for his appointment and payment of remuneration.

6. Pecuniary relationship directly or indirectly with the Company or relationship with the Managerial Personnel, if any ;

Mr. Sushil Bhatler is not in receipt of any Salary, Perquisites or Remuneration from any Company other than Binani Industries Limited and he does not have any interest in the Shareholding of other Companies. He holds 200 Equity Shares in the Company.

III. OTHER INFORMATION

a. Reasons for Inadequate Profits :

The Company is presently a holding company with no significant manufacturing activity. The Company has no stream of Income other than dividend income from the investment in the subsidiaries and capital gains arising out of divestment of its investment in subsidiaries. None of the subsidiaries have been in a position to declare dividend so far resulting in inadequate profits to the Company.

b. Steps taken for Improvement

During the year ended 31st March, 2006 Binani Cement Limited (BCL) the major subsidiary of the company has posted a net profit of Rs. 52 Crores. Binani Zinc Limited (BZL) is also performing reasonably well and barring unforeseen circumstances both BCL and BZL will post substantial profit in the current year. The Company is also proposing to divest further in BCL shares. The said exercise is likely to generate substantial profits during the current year. The Company is also under negotiation to off load part of its stake in BZL. The Company has also reduced its expenditure substantially.

c. Expected Increase in Productivity /Profitability

The Company expects of achieve profits consequent upon the steps taken for improvement. The Financials expected to be achieved in the future years is given below :

Rs. In Million

Year ended 31 st March	2006-07	2007-08	2008-09
Operating Profit before Interest & Deprn. (Including income from sale of investments in subsidiaries)	1798	430	1161
Interest & Financial Charges	97	49	21
Cash Profit	1701	380	1140
Depreciation/Amortisation	11	11	11
Profit before Tax	1690	370	1129
Income Tax	186	41	124
Net Profit after Tax	1504	329	1005

The details given above may be treated as an abstract of the proposed agreement pursuant to Section 302 of the Companies Act, 1956.

The Special Resolution as set out in item No. 6 of the Notice is proposed and the Directors recommend the passing of the same. None of the Directors except Mr. Sushil Bhatler may be deemed to be concerned or interested in the Resolution.

Dr. V.C. Shah(Item No.4) (As required under Listing Agreement)

Dr. V.C. Shah, (79 Years) is a Ph.D in Economics from Columbia University having more than 54 years experience inclusive of varying tenures as Economic Advisor, Embassy of Brussels, General Manager with ICICI etc. He has also written articles in the Indian Economic Journal, Indian Economic Review, Journal of Banco Italia, Rome and The Economic Times. He has been associated with the Company as Director since 1991.

In addition to Binani Industries Limited, Dr. V.C. Shah serves on the Boards of Directors of Coastal Roadways Limited, Shardul Securities Limited , Ambalal Sarabhai Enterprises Limited and Binani Cement Limited. He functions as the Chairman of the Audit Committee of Shardul Securities Limited and Chairman of the Investor Relations Committee of Binani Industries Limited. He is a member of the Remuneration Committee of Binani Industries Limited, Binani Cement Limited, Ambalal Sarabhai Enterprises Limited and Shardul Securities Limited. He is also a member of the Audit Committee and Investors/ Shareholders Grievance Committee of Ambalal Sarabhai Enterprises Limited and Binani Cement Limited. He is also a member of the Finance Committee of Binani Industries Limited and Binani Cement Limited and also a member of the Offer Committee of Binani Industries Limited.

The relevant documents under the above items are available for inspection by the members of the Company 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 upto the date of this meeting.

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

(T.R.Chandramohan Nair)
Executive Vice President (Corporate & Legal) &
Secretary

Mumbai
25th April, 2006

DIRECTORS' REPORT & MANAGEMENT DISCUSSION & ANALYSIS REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Forty Third Annual Report together with the Audited Statement of the Accounts for the year ended 31st March, 2006.

1. FINANCIAL PERFORMANCE

	(Rs. Lakhs)	
	For the year ended 31.03.2006	For the year ended 31.03.2005
Sales and other Income	161	1276
(Loss) before , Depreciation,extra ordinary items and Taxation.	(1979)	(3507)
Provision for Depreciation (Loss) before extraordinary items and Taxation	(106)	(116)
	(2085)	(3623)
Advances to Subsidiary written off	(276)	(866)
Assets written off on impairment	(389)	-
Interest for earlier years written back on one time settlement of Loans	1107	-
Investment in subsidiary written off	(320)	-
Profit on sale of investment in Equity Shares in BCL	3510	-
Profit/(Loss) after extra ordinary items but before Taxation	1547	(4489)
Provision for Taxation including deferred tax and Fringe Benefit Tax	(62)	2
Profit/(Loss) after Tax	1485	(4487)
APPROPRIATIONS / ADJUSTMENTS		
Transfer to General Reserve	(75)	-
Proposed Dividend	(444)	-
Tax on Dividend	(62)	-
Transfer from Debenture Redemption Reserve	875	-
(Loss) brought forward from last year	(9681)	(5194)
(Loss) carried to balance sheet	(7902)	(9681)

During the year, as a measure of prudence, the Company has written off:

- Old / unsaleable stock of Glass Fibre Moulded products for Rs.86 lacs,
- Plant and Machinery of Rs.389 lacs on impairment,
- Investments in Equity Shares of Binani Lead Limited for Rs.320 lacs, and
- Loans to BT Composites Limited.

Since your Company is a holding Company having no significant manufacturing activity, we deal with each of the subsidiaries.

2. BINANI CEMENT LIMITED (BCL)

Industry Overview

The overall outlook for the industry is very positive on the back of robust demand from housing construction, Phase-II of NHDP and

other infrastructure development projects. For the first time in last 5 years, the industry has seen a double digit growth. Most of the projects for additional capacities which are in pipeline are expected to get operational only in FY 2007-08 and therefore supply for cement is likely to remain tight, which in turn would keep the cement prices high at least for a year.

Performance Review

Your Company's performance during the year 2005-06 has surpassed all the previous years due to higher production / sales and substantial increase in net sales realization over the previous year. We have produced 23.13 lacs MT & sold 23.43 lacs MT of cement as against 22.40 lacs MT produced & 22.38 lacs MT sold in the previous year. The product mix of OPC vs PPC has also undergone substantial change, with PPC's share increasing from 29% in 2004-05 to 37% in 2005-06. Due to sustained higher level of cement production, w.e.f. 31.12.2005 the cement plant's installed capacity has also been further uprated from 22.00 lacs MTPA to 22.50 lacs MTPA. On the enhanced capacity, the average capacity utilization has been 104.55%, which is much above the average capacity utilization of the entire industry (89%).

The average sales realisation for the company increased from Rs. 2362/ MT in 2004-05 to Rs.2493 / MT in 2005-06 ie. an increase of Rs. 131/ MT or 5.55% over previous year. This has significantly contributed to the bottom line during the year.

	(Rs. Lakhs)		
	2005-06	2004-05	% Change
Sales (net of Excise Duty) and Other Income	49325	44009	12 ↑
Operating Costs	35810	33874	
EBIDTA	13515	10135	33 ↑
Interest & Financial charges	3417	5235	
Cash Profit	10098	4900	106 ↑
Depreciation and Amortisation	4291	4200	
Profit before Tax	5807	700	730 ↑
Profit after Tax	5296	645	721 ↑

Capital Structure

In September 2005, JP Morgan Special Situations Asia LLC, a wholly owned subsidiary of J P Morgan Chase & Co. USA, through its investment arm Silver Peak Investment (Mauritius) Limited, acquired 25% equity stake in the Company by purchasing its existing equity from the holding company, Binani Industries Ltd. (BIL). JP Morgan has also extended a Term Loan of Rs. 1.3 billion to the Company through its Indian arm, J P Morgan Securities India Private Limited towards part-financing the Company's expansion project.

Offer for Sale of Company's Shares

Binani Industries Limited will divest further 20500000 Equity Shares representing 10.09% of the share capital of BCL to the Public

through a 100% book building process to facilitate the listing of BCL Shares. The process is expected to be completed soon, subject to receipt of all approvals.

Future Plans

Presently the Company is in the process of expanding its clinker capacity by 2.3 mio tpa and cement capacity by 3.05 mio tpa and is also setting up another 40MW captive power plant (to be implemented in 2 phases of 20 MW each in 2006-07 & 2007-08), at its existing location in Sirohi. The company is expecting the new capacity to come online by end March' 2007. The cost of the project is estimated to be Rs. 575 Crores.

The Company is also in the process of having its own Railway Siding within the factory premises. The project has already commenced and is expected to be commissioned by October, 2006.

Strength/ Opportunity/ Threats/ Risks/ Concerns

Strength:

The Company has a well established brand image with a strong dealer net work. Entire sales are on Cash-n-Carry basis. State of Art technology makes it one of the most energy efficient and environmental friendly plants in the country. Work on doubling the capacity is in progress and after the commissioning of the second line, the market position shall be significantly strengthened.

Opportunities:

Cement market is on an upward trend due to boom in housing & infrastructure. Increasing PPC production coupled with volumes from line II gives the Company great opportunity to maintain its leadership status in the growing market.

Threats/ Risks/ Concerns

Industry consolidation and increase in capacity by nearby plants would increase competition and bring pricing preserves. Non availability of fly ash at economical rates may hamper growth of PPC market and put margins under pressure.

Social Responsibility and Community Development

The Company continues to provide necessary support to the economically backward people of the adjoining villages through various Community Development, Education and Health Care programmes. Free medicine distribution in the nearby villages, organizing Eye camps and various direct and indirect assistance to the Adivasis in the nearby area continues on a regular basis.

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 3.77 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 programmes being organized from time to time.

The Company continued to maintain healthy working environment and cordial industrial relations throughout the year.

3. GOA GLASS FIBRE LIMITED (GGFL)

Industry Overview

The composites market has grown world-wide in double digits. From an "emerging engineering material" till a few years ago, composites

have come a long way as the "material of choice" challenging and replacing metals and wood, in a variety of end user segments. Glass Fibre as reinforcement continues to dominate this sector, (vis –a – vis other competing fibres), with a share of 85-90%. With GDP growth at 8% and substantial investment in infrastructure, demand for glass fibre is expected to witness exponential growth in coming years in India. This will substantially boost glass fibre consumption.

The Company also enjoys a good brand equity and presence in the export market. The key accounts are spread across different countries and continents, thus minimising geographical risks.

Review of Operations

During the year under review, the Company produced 9924 MT as compared to 8856 MT during the previous year, an increase of 12%.

The Company's Sales for the year 2005-06 stood at 9745 MT with a Revenue of Rs. 71.27 Crores as against Sales of 7936 MT and Revenue of Rs. 59.61 Crores in 2004-05. In volume terms, sales increased by 22%.

The Company's flagship product line of Chopped Strand Mats grew by 13% over the previous year. The Company also developed new products to cater to other market segments.

	(Rs. Lakhs)	
	2005 - 06	2004 - 05
Sales & Related Income (Gross)	7127	5961
EBIDTA	836	1227
Interest and Finance Charges	138	239
Cash Profit	698	988
Depreciation	641	850
Net Profit before Tax	57	138
Net Profit after Tax	46	127

Future prospects

The Company's focus areas will be to achieve full capacity utilisation, improved efficiencies and development of new product lines. The focus will be on maximising revenues through sale of products which yield maximum contribution and to achieve volume growth through new products and new markets world wide.

The Company has a strong presence in the CSM market in India and abroad. The focus will be to retain its key accounts while developing new markets and customers.

The other products in its fold also command wide acceptability. A diversified product portfolio will enable the Company to meet the challenges in the market place more effectively.

Strength/ Opportunity/ Threats/ Risks/ Concerns

The Company enjoys a good brand equity and presence in the export market. The key accounts are spread across different countries and continents, thus minimising geographical risks. The healthy GDP growth in Euro areas and US, as well as the investment boom in Middle East, will provide sufficient demand impetus for products.

A major threat factor is cheap imports from China. The Company is geared to face this challenge, through strategic initiatives in pricing, reduction in cost of production, wider basket of products and quality leadership.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Industrial relations continued to be harmonious with the active participation of the union in all the programmes initiated by the Management for the day to day enhancement of the plant.

As part of the on going exercise of employee performance enhancement, training programmes have been conducted for all categories of employees on technical, behavioral and safety aspects. This resulted in visible improvement of skill and enhancement of performance at shop floor operations.

4. BINANI ZINC LIMITED (BZL)**Industry Overview**

Demand for Zinc metal in India has been steadily increasing at well over 7-8 % CAGR in the last 5 years. The growth pattern is expected to shift to a higher trajectory of 10-12% in the coming years.

The additional demand will be able to take care of the enhanced capacity that has come on line, during 2005-06.

Prices on LME touched historic highs during the year. With zinc and copper leading the rally in the base metal complex, average prices (monthly) shot up by 134% from US\$ 1033 (cash settlement on LME), in April 2005, to US\$ 2417 in March 2006. Annual average for 2005-06, was US\$ 1613, as against US\$ 1109, for 2004-05.

The phased duty reductions for zinc metal has resulted in import duty of 7.5%, with effect from 1st March 2006. To some extent, the negative impact has been mitigated by reduction in duty on concentrate from 5% to 2%.

The VAT scheme has been adopted by some more states, with effect from 1st April 2006. This will speed up the process of unified tax regime in respect of Sales tax.

Review of Operations

The performance of the Company during 2005-06, was adversely affected due to the shutdown of the plant for 131 days on account of non availability of Zinc concentrate resulting in poor capacity utilization of 59% compared to 88% in 2004-05. However, sales turnover went down only marginally, with improvement in EBIDTA, mainly due to firming up of Zinc prices. The Company was also able to achieve improvements in productivity and operational efficiency with the commissioning of the Belt Filter.

Treatment charges (spot) registered an all time low making concentrates dearer.

Financials:	(Rs. Lakhs)	
	2005-06	2004-05
Net Sales & Other Income	18116	18595
Operating Costs	16851	17666
EBIDTA	1265	929
Interest & Financial Charges	493	225
Cash Profit	772	704
Depreciation & Amortization	644	604
Profit before Tax	128	100
Profit after Tax	59	53

Future Plans

The Company is proceeding with the setting up of 2 Hydel power plants, with an installed capacity of 10mw, for which necessary approvals have been given by the state Government. In view of the adverse market for coal and consequent impact on cost of generation, the Company has deferred its plans for setting up a thermal power plant.

The Company is also carrying out a series of debottlenecking exercises to maximize capacity utilisation.

The plans for setting up captive mines are proceeding as per schedule. During the year, allotment has been received for Basantgarh Mines from State of Rajasthan and the mining licence will be signed by RBG Minerals Industries Limited (RBG) after completing the necessary formalities. Rajasthan State Mines and Minerals Limited (RSMML), a co-investor in RBG alongwith the Company, has got approval for renewal of mining lease for Deri mines. RSMML has agreed to transfer the mining lease to RBG after executing the lease. The Company is coordinating with Gujarat Minerals Development Corporation (GMDC), another co-investor in RBG, for expediting renewal of Ambaji mining lease. These three mining leases form part of the Company's captive mining project. The Company is in discussion with a financial investor for funding the captive power and captive mines projects.

Opportunities/ Threats/ Risks/ Concerns

Strong fundamentals prevail in the zinc metal market. Overall metal supply at the global level is in deficit, due to concentrate shortage, smelter cutbacks and Chinese consumption, all which has resulted in LME stocks depleting by more than 50%. In addition fund activity is a significant factor in driving up prices. Zinc prices therefore are expected to strengthen, though the market is likely to remain volatile.

The demand projections for the coming years indicate a higher potential growth pattern for zinc consumption. The company's wide network, quality and brand equity, are favorable factors.

The major external factors that can have significant bearing on the company's performance are Raw Material Shortage, Import Tariffs, fluctuations in Zinc prices and enhanced metal supply in the market.

The Company has drawn up a comprehensive plan to mitigate the perceived threats. Contracts have been concluded for covering raw material requirement for 2006-07.

The Company has a risk management system, in place to manage the risk of price volatility.

Human Resources/Industrial Relations

The Company has witnessed cordial labour relations for the past several years and also during the current year. The ongoing knowledge and skill upgradation program has served to improve productivity and employee morale. The company won the state level award for Excellence in Safety Management 2005 instituted by the National Safety Council (Kerala Chapter) as recognition for its safety and occupational health initiatives.

Social Responsibility

The services of Ghanshyam Binani Community hall continues to be utilized by the local community. Medical camps and medical consultations are provided to the community through Ghanshyam Binani Health centre, free of cost.

5. BT COMPOSITES LIMITED (BTCL)**Review of Operations**

The year witnessed an increase in the capacity utilisation of the facilities in the light of encouraging response from the market. The major segment of production has been SMC hot compression moulded panels for sectional tanks for potable water storage. Several process improvements have been successfully implemented to upgrade the quality of the products. Considerable efforts have been invested in upgrading the raw material selection and testing procedures to ensure consistency and reliability of supplies.

Lab Scale formulations of DMC (Dough Moulding Compound) have been successfully tested at potential customers' end and the commercialization of the product is underway. The products for the electrical industry have also received a fillip with the Company bagging a prestigious order of M/s Larsen & Toubro for supplies of enclosures for their overseas client. The order is under execution.

Financials	(Rs. Lakhs)	
	2005-2006	2004-2005
Sales and Related Income (Gross)	91.59	95.66
Loss before Depreciation & Amortisation and Interest	(115.51)	(102.92)
Interest and Financial charges	2.09	0.32
Depreciation & Amortisation of Miscellaneous Expenses	102.09	101.61
Loss Before Extra Ordinary Items & Tax	(219.69)	(204.85)
Extra Ordinary Items		
Assets written off on impairment	(844.59)	-
Waiver of loan by the Holding Company	276.04	-
Loss after extraordinary items but before tax	(788.24)	(204.85)
Provision for Fringe Benefit Tax	(1.20)	-
Net Loss for the year	(789.44)	(204.85)
Loss brought forward	(1532.82)	(1327.97)
Loss carried to Balance Sheet	(2322.26)	(1532.82)

Future Prospects:

With encouraging response from the market and several successful installations of SMC sectional panel tanks for water storage covering hospitals, hotels and resorts, textile industries, railways and educational institutions, your Company looks forward to intensifying its marketing efforts in this segment.

Successful test marketing of light weight panels for the large shelters market has vindicated the Company's target to aggressively foray into this segment. The company foresees significant growth in this product line.

During the next year the Company also envisages growth in the sales of its moulding compounds (SMC & DMC) and enclosures and sheets for the electrical industry.

6. ESS VEE ALLOYS PRIVATE LIMITED

Financials:	(Rs. Lakhs)	
	2005 - 06	2004 - 05
Sales (Net)	214.72	52.64
Profit / (Loss) before Tax	3.24	(7.75)
Net Profit / (Loss) after Tax	3.01	(7.75)
Balance of Profit / (Loss) b/f	(2.97)	4.78
Balance Carried to Balance Sheet	0.04	(2.97)

Review of Operations

During the year the production and sales were as follows:

	(MTs)	
	2005 - 06	2004 - 05
Production		
Zinc Alloys & Dross	220	58
Aluminum Alloys & Dross	4	9
Sales		
Zinc Alloys & Dross	214	56
Aluminum Alloys & Dross	2	9

In line with the stated objective of the Company to establish itself in the Zinc based die-casting alloys business, the production and sales of Zinc die-casting alloys recorded a three-fold growth, evidencing greater acceptance in the market. Product prices continued to be under pressure, with aggressive competition and continuing increase in base metal prices characterized by severe volatility.

Future Prospects

The Company looks forward to consolidate its presence in the Zinc alloys market and achieve significantly higher capacity utilization. In this regard, the Company proposes to tie - up with large die-casters to cater to their requirements.

While high Zinc and Aluminum prices can impact negatively on the die-casting sector due to the threat of substitution, the Company does not foresee any noticeable shift in the immediate future.

7. BINANI LEAD LIMITED (BLL)

Consequent upon the abandonment of the project for manufacture of Secondary Lead at Wada, Dist Thane, Maharashtra, the land and industrial sheds at the proposed site have been given on lease basis to Binani Metals Limited for the development of the land for commercial use.

8. R.B.G.MINERALS INDUSTRIES LIMITED**Review of Operations.****Mines.**

During the year, allotment has been received for Basantgarh mines from state of Rajasthan and the mining licence will be signed by RBG Minerals Industries Limited (RBG) after completing the necessary formalities. Rajasthan State Mines and Minerals Limited (RSMML), a co-investor in RBG along with the Company, has got approval for renewal of mining lease for Deri mines. RSMML has agreed to transfer the mining lease to RBG after executing the lease. The Company is coordinating with Gujarat Minerals

Development Corporation (GMDC), another co-investor in RBG, for expediting renewal of Ambaji mining lease. These three mining leases form part of Company's mining project.

Beneficiation Plant

The Beneficiation Plant is proposed to be set up at Chapri Village 1 KM from the State Highway and is located between Deri and Ambaji Mines. Basic Engineering Design has been completed and tenders have been received for Beneficiation Plant. Land procurement has commenced.

9. OPTICON CONSULTANTS PRIVATE LIMITED.

Opticon Consultants Private Limited, a wholly owned subsidiary of Binani Zinc Limited was acquired to be used as a Special Purpose Vehicle (SPV) for setting up the proposed Captive Thermal Power Plant at Binani Zinc. As of now the thermal power plant project is being deferred.

10. DIVIDEND

In view of the overall performance, prospects and extra-ordinary income earned during the year, your Directors recommend a dividend @ 15%.

11. BOARD OF DIRECTORS

In accordance with Article 100 of the Articles of Association of the Company, Dr. V.C. Shah and Mr. Sushil Bhatte retire by rotation and being eligible, offer themselves for reappointment.

Mr. B.K. Batra was withdrawn as a Nominee Director of Industrial Development Bank of India Limited (IDBI) with effect from 26th July, 2005. Mr. Sushil Bhatte has been appointed as Wholtime Director designated as Group CEO with effect from 25th April, 2006 for a period of 5 years and the proposal has been placed before you for approval.

12. AUDITORS' OBSERVATIONS

Responses of the Directors to the comments of the Auditors in their report on consolidated financial statements are as follows:

1. The holding and subsidiary (BCL) companies have given effect to the order of the Hon'ble High Court of Kolkata in regard to merger/restructuring, as the case may be. However, on consolidation of the accounts of the holding company with the subsidiary (BCL) as on 31st March '06, a difference of Rs.97 Crores has been derived, the assets being higher than the liability. This difference has arisen due to the fact that certain adjustments made in the accounts of the subsidiary have not been considered by the holding company. The Directors are of the opinion that the subsidiary has tremendous potential which is evident from the improvement in the operations and therefore adjustment of the amount of Goodwill to Revenue Reserve/ Share Premium Account would not be appropriate.
2. During the financial year 2004-05, the Company has given effect to the modified debt restructuring package (RP) sanctioned by Industrial Development Bank of India Limited (IDBI) and has accounted for the interest charge on various loans/FITL at a lower rate as per the RP, resulting into a reduction of interest aggregating to Rs.1361.21 Lakhs (proportionate share of Binani group – Rs.1021 Lakhs). This reduction in interest has been converted to a Zero Coupon Loan (ZCL) by IDBI and a view

will be taken by IDBI for waiver of the same on annual review and compliance of terms of the RP to the satisfaction of IDBI. However, the Company (BCL) has not accounted for the ZCL as it is hopeful of getting the waiver as all the terms and conditions of the RP have since been fulfilled. In these circumstances, the Directors feel that no adjustment is called for.

3. With regard to non-provision of interest of Rs.261.69 Lakhs for the year 31st March 2006 by BTCL on loan from IDBI which has since been assigned/transferred to Stressed Asset Stabilisation Fund (SASF), the Directors are of the opinion that since the subsidiary is registered with BIFR as a sick company and SASF has been approached for one time settlement of its outstanding dues at Rs.450 Lakhs, provision for further interest would not be appropriate.

4. With regard to non-provision of disputed refund receivable from Goa Electricity Board amounting to Rs.68.89 Lakhs (GGFL), the Directors are of the opinion that the subsidiary has got a fair chance of success in the matter which is pending before the Hon'ble Supreme Court and hence no adjustment is called for.

13. AUDITORS

M/s. Kanu Doshi Associates, the retiring Auditors are eligible for reappointment and the proposal has been placed before you.

14. SUBSIDIARY COMPANIES

The statement pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiaries i.e. "Binani Cement Limited", "Goa Glass Fibre Limited", "Binani Zinc Limited", "BT Composites Limited", "Ess Vee Alloys Pvt. Limited", "Binani Lead Limited", "R.B.G. Minerals Industries Limited" and "Opticon Consultants Pvt. Limited" is annexed to this report .

15. PARTICULARS UNDER SECTION 217

Statement of particulars under Section 217(1) (e) regarding conservation of energy and technology absorption are not applicable to the Company . Details of foreign exchange earnings and outgo are annexed to this report.

16. CORPORATE GOVERNANCE

The Company has since implemented all the mandatory provisions of Clause 49 of the Listing Agreement relating to the Corporate Governance. The Annual Report contains a separate section on the same.

As required under the said provisions, the Company has obtained the Certificate from the Auditors of the Company which is annexed to and forms part of the Annual Report.

The Management Discussion and Analysis Report forms part of the Annual Report.

17. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts, all applicable Accounting Standards have been followed and proper explanation relating to material departures, if any, have been furnished.

- b) accounting policies as listed in Schedule 17 to the financial statements have been selected and consistently applied and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2006 and of the profit of the Company for the Accounting Year ended on that day.
- c) proper and sufficient care for the maintenance of adequate accounting records has been taken in accordance with the provisions of this act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities and
- d) the annual accounts have been prepared on a going concern basis.

18. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company and its all subsidiaries have adequate internal control systems which are evaluated periodically by the Internal Auditors and the systems are adequate commensurating with the operations of each of the Companies. In Binani Cement Limited and Binani Zinc Limited Concurrent Auditors have been appointed by Financial Institutions.

19. STOCK EXCHANGES - COMPLIANCE OF LISTING AGREEMENTS

The Company's Equity Shares are listed at the Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited and Company has paid the listing fee. The Company has applied to National Stock Exchange for listing and is awaiting its approval.

As required by the Listing Agreements with the Stock Exchanges and AS-21, Consolidated Balance Sheet of the Company as on 31.3.2006 and Profit & Loss Account for the year ended on that

date and Auditors' Report thereon have been annexed forming part of the Annual Report.

20. ACKNOWLEDGEMENT

Your Directors acknowledge the assistance and goodwill received from the concerned departments of the State and Central Governments, Financial Institutions, Banks, Customers, Selling Agents, Dealers, Distributors, Employees at all levels and the Shareholders.

By order of the Board

Place : Mumbai
Date : 25th April, 2006

**Braj Binani
Chairman**

ANNEXURE TO DIRECTORS' REPORT

Foreign Exchange Earnings & Outgo

Total Foreign Exchange Earnings	NIL
Total Foreign Exchange Outgo	NIL

CORPORATE GOVERNANCE REPORT**Corporate Governance Philosophy**

The management believes that corporate growth, goals, transparency and enhanced stakeholder value are to be achieved only through good corporate governance.

Board of Directors

The Board of Directors of Binani Industries Limited now comprises of Non-Executive Chairman, 1 Executive Director, 3 Independent Directors and 1 Nominee Director from Industrial Investment Bank of India Limited (IIBI) . During the period under review the Board comprised of a Non-Executive Chairman, 1 Non-promoter non-Executive Director, 3 Independent and 2 Nominee Directors of IDBI and IIBI, meeting the requirements of the listing agreement. IDBI had withdrawn the nomination of Mr. B.K. Batra with effect from 26th July, 2005.

The composition and category of Directors as on March 31, 2006 are as follows:

Category	Name of Director
Promoter and Non Executive Chairman	Mr. Braj Binani, Chairman
Non Promoter and Non Executive Director	Mr. Sushil Bhatte (He has been appointed Wholetime Director with effect from 25 th April, 2006)
Independent Directors	Mr. S. Padmakumar, Dr. V.C. Shah and Mr. A.C. Chakrabortti
Nominee Director	Mr. G. Venkatakrishnan - IIBI Ltd.

The Company does not have any pecuniary relationships or transaction with any of the non-executive Directors. Mr. S . Padmakumar is a Director of Binani Cement Limited, Goa Glass Fibre Limited, Binani Lead Limited and Binani Zinc Limited, subsidiaries of the Company. Dr.V.C. Shah is a Director of Binani Cement Limited also.

The Board of Directors met 5 times during the period under review on 28/4/2005, 12/7/2005, 2/09/2005, 27/10/2005 and 27/1/2006. Attendance of each Director at the meetings of the Board of Directors held during the year and the last Annual General Meeting and Directorship held by them in other Companies is indicated below.

Name of Director	No. of Board meetings attended out of 5 meetings of the Board of Directors.	Whether attended last Annual General Meeting.	No. of Directorships in domestic public companies (including this Company)		No. of Committee memberships in domestic public companies (including this company)	
			As Chairman	As Director	As Chairman	As Member
Mr. Braj Binani	5	Yes	6	-	1	7
Mr. S. Padmakumar	5	Yes	-	8	8	9
Dr. V. C. Shah	5	Yes	-	5	2	7
Mr. A. C. Chakrabortti	5	Yes	2	11	4	1
Mr. Sushil Bhatte	5	Yes	-	9	2	11
Mr. G. Venkatakrishnan	2	No	-	2	-	2
Mr. B. K. Batra (upto 26.7.05)	2	No	-	3	-	8

Audit Committee

Audit Committee of the Board was constituted in the year 2001. The Company has complied with the requirements of Section 292 A of the Companies Act, 1956 and Clause 49 of the listing agreement relating to the composition and terms of reference of the Audit Committee. The Committee comprised of two independent non Executive Directors one of whom is the Chairman and 2 Nominee Directors. Presently it consists of 2 Independent Directors and one Nominee Director. Audit Committee is responsible for the financial reporting and ensuring compliances with accounting standards and reviewing financial policies of the Company and to recommend the appointment of Statutory Auditors and Internal Auditors and fix their fees.

The Committee examines in detail the reports of the Internal Auditors of the Company as well as those of the subsidiaries. The Committee also reviews all the unaudited quarterly Financial Results and the Audited Results including that of Subsidiaries before submission to the Board. The Chairman of the Audit Committee, Mr. S. Padmakumar was present at the last Annual General Meeting (AGM) of the Company held on 20th June, 2005. The Audit Committee met 4(four) times during the year under review on 28th April, 2005, 11th July, 2005, 27th October, 2005 and 27th January, 2006. The names of the Directors who are members of the Audit Committee and their attendance at last AGM is given below.

Name of the Director	No. of Meetings attended	Whether attended AGM
Mr. S. Padmakumar	4	Yes
Mr. A.C. Chakrabortti	4	Yes
Mr.G. Venkatakrishnan	2	No
Mr.B.K.Batra (upto 26.7.2005)	2	No

Executive Director, BCL and Senior Vice President (Corporate) & Chief Financial Officer attend all the meetings of the Audit Committee. Representatives of the Statutory Auditors and Internal Auditors are invited to attend the meetings. The Company Secretary acts as the Secretary of the Audit Committee.

Investor Relations Committee.

The Investor Relations Committee now comprises of 2 Independent Directors and 1 Executive Director. It ensures speedy disposal of the share transfer requests, both demat and physical, received by the Company. The Committee, apart from overseeing the Share transfer work also looks into various investor complaints. The Committee meets at least 2 times in a month. The committee met 24 times during the period under review. The attendance in the said Committee is as under:-

Name of the Director	No. of Meetings attended
Dr. V.C.Shah	24
Mr. S. Padmakumar	4
Mr. Sushil Bhatler	23

Remuneration Committee.

A Remuneration Committee was constituted in the year 2003-04 as required by Schedule XIII of the Companies Act, 1956 to consider and approve the remuneration package payable to the Executive Directors of the Company. The Committee comprised of independent Directors, Mr. S. Padmakumar, Dr.V.C.Shah and Mr. B.K.Batra (till 26th July, 2005). Mr. S. Padmakumar is the Chairman of the Remuneration Committee. No remuneration has been paid to any Director during the year under review and consequently no meeting of the Remuneration Committee was held during the year under review.

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.

Mr. Braj Binani is not in receipt of any Salary/ perquisite from the Company or its subsidiaries with effect from 1.4.2005.

Offer Committee

A Committee comprising of Mr. Braj Binani, Mr. Sushil Bhatler, Mr.S. Padmakumar and Dr. V.C. Shah has been constituted in connection with the offer for sale of 20,500,000 Equity Shares of Binani Cement Limited held by the Company through a 100% book-building process.

Finance Committee

The Board has also constituted a Committee of Directors to oversee the financial function and for availing facilities including working capital facilities from Bankers. The Committee comprised of Mr. Braj Binani, Dr. V. C. Shah and Mr. Sushil Bhatler. Mr. D.Sundararajan, Executive Director, Binani Cement Limited who is incharge of overall finance functions also attends such meetings. Mr. Braj Binani has since been substituted by Mr. S. Padmakumar.

Code of Conduct

As required by the amended Clause 49 of the Listing Agreement, the Board of Directors of the Company have adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the web site www.binani.com of the Company. The members of the Board of Directors and Senior management have affirmed compliance of the said Code during the period under review. The Annual Report of the Company does contain a declaration to this effect duly signed by the Group CEO as required by Clause 49 of the Listing Agreement.

Subsidiary Companies

As required by the amended Clause 49, Mr. S.Padmakumar an independent Director of the Company has already been inducted as a Director of Binani Cement Limited, Binani Zinc Limited and Goa Glass Fibre Limited which are material non-listed Subsidiaries of the Company.

The Audit Committee of the Company reviews the Financial Statement of all the subsidiaries.

The Minutes of the Meetings of the Board of Directors of the Subsidiary Companies are being regularly placed before the Board of Directors of the Company. A statement containing the significant transactions and arrangements of the unlisted subsidiaries are also placed before the Board of Directors of the Company.

Disclosures:

As required by the amended Clause 49, a statement in summary form of transactions with related parties are being periodically placed before the Audit Committee. The Company does not have any materially significant related party transactions that may have a potential conflict with the interest of the Company.

Disclosures of Accounting treatment.

Disclosures of Accounting treatment wherever applicable have been made in the Audited Financial Accounts for the year ended 31st March, 2006.

Board Disclosures- Risk Management:

The Company has a laid down procedures to inform the Board members about the risk assessment and minimization procedures of the material subsidiaries and they are being reviewed periodically.

CEO/CFO Certification

A Certificate from Group CEO and CFO has been placed before the Board confirming that:-

- (a) they have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the Auditors and the Audit Committee
 - significant changes in internal control over financial reporting during the year;
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements: and
 - they have not come across any instances of significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financing reporting.

Annual General Meetings (AGMs)

The details of the last 3 Annual General Meetings are as under:-

Annual General Meeting	Date	Time
40 th	20 th November, 2003	2.30 p.m.
Adjourned 40 th	12 th July, 2004	10.30 a.m.
41 st	12 th July, 2004	11.30 a.m.
42 nd	20 th June, 2005	9.30 a.m.

All the meetings were held at Kala Mandir, 48 Shakespeare Sarani, Kolkata -700 017. The 40th AGM held on 20th November, 2003 was adjourned for adoption of accounts after transacting all the remaining business in view of the pending Scheme of Arrangement filed by the Company. Special Resolution was also passed at the 40th Annual General Meeting held on 20th November, 2003 for delisting the Company's Equity Shares from Madras and Cochin Stock Exchanges.

Postal Ballot

Special Resolution under Section 372A of the Companies Act 1956 for enhancing the Corporate Guarantee limits from Rs.500 Crores to Rs. 923.38 Crores was passed through Postal Ballot and as per the report of the Scrutinizer the said Special Resolution was declared as passed with requisite majority at the Registered Office of the Company at 3.30 p.m. on 31st March, 2005. The number of votes cast in favour was 12759983 (99.26%) and the votes against were 94677 (0.74%). 54 Ballots were rejected by the Scrutinizer as invalid.

Disclosures:

None of the Directors had any pecuniary transaction or relationship with the Company. The related party transactions with the subsidiaries and Promoter Group Companies have been disclosed in the Annual Accounts as per the accounting standards. No penalty or strictures have been imposed on the Company by the Stock Exchange, Mumbai and The Calcutta Stock Exchange Association Limited, where the Company's Shares are listed or by any other statutory authority on any matter relating to capital markets during the last three years.

Means of Communication:

The means of communications are quarterly, half yearly and annual results published in News Papers as per Clause 41 of the Listing Agreement and the results are also available on the Company's Website www.binani.com. The Company's Financial Results, information relating to financial performance and shareholding pattern are displayed on the SEBI Website under EDIFAR. The Company had sent the full annual report along with audited reports of subsidiaries as required under the provisions of the Companies Act, 1956 till 2002. However for the years ended 31st March, 2003, 31st March, 2004 and 31st March, 2005 in view of the exemption granted by the Central Government, Annual Accounts of the Subsidiaries were not attached. However, the abstract of financial statements of each subsidiary were attached. The Company has also obtained exemption from Central Government for the year ended 31st March, 2006

The Company's results are normally published in Financial Express and Pratidin (Bengali daily) in Kolkata where the Company's Registered Office is located.

General Shareholders Information.

43 rd Annual General Meeting	Wednesday, the 5 th July, 2006 at 9.30 a.m. at Kala Mandir, 48, Shakespeare Sarani, Kolkata 700 017.
Financial Calendar	1 st April to 31 st March.
Date of Book Closure	Wednesday, the 28 th June,2006 to Wednesday, the 5 th July, 2006(both days inclusive).
Dividend Payment Date	On or before 3 rd August, 2006
Listing on Stock Exchanges	Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited
Stock Code	BSE 500059

Market Price Data(BSE)			BSE Sensex		
Months	High (Rs.)	Low (Rs.)	Months	High	Low
April'05	31.35	26.15	April'05	6649.42	6118.42
May'05	33.70	25.50	May'05	6772.74	6140.97
June'05	61.50	29.50	June'05	7228.21	6647.36
July'05	80.40	41.50	July'05	7708.59	7123.11
August'05	104.4	66.00	August'05	7921.39	7537.50
September'05	99.85	61.40	September'05	8722.17	7818.90
October'05	76.85	50.70	October'05	8821.84	7656.15
November'05	64.45	53.55	November'05	9033.99	7891.23
December'05	64.00	53.00	December'05	9442.98	8769.56
January'06	63.50	53.50	January'06	9945.19	9158.44
February'06	80.55	54.00	February'06	10422.65	9713.51
March'06	112.00	84.55	March'06	11356.95	10344.26

Registrar and Transfer Agents and Share Transfer System. M/s. MCS Limited
 Harmony, Plot No.6, Sector -1, Khanda Colony, New Panvel (W), Navi Mumbai - 410206
 Tel. No.02227492003/4/6/7/8/9/10 ● Fax:02227492005 ● Email: mcsnum@vsnl.com
 Both Physical and Demat Transfers are done through the Registrar and Transfer Agents M/s. MCS Limited. The Shares of the Company are under compulsory demat mode.

Compliance Officer Mr. T.R.C. Nair
 Executive Vice President (Corporate & Legal) & Secretary

Secretarial Department Registered Office 706, Om Tower
 32, Chowringhee Road, Kolkata 700 071

Contact Person:
 Mumbai Office Mr. Atul P. Falgunia
 Asstt. Vice President (Secretarial)
 Tel. 022- 66316913 ● E-mail: atul@binani.net

Kolkata Office Mr. A. Babu
 Dy.General Manager (Secretarial)
 Tel. 033- 22882508 ● E-mail: binanical@vsnl.net

Distribution of Shareholding Pattern as on 31-03-2006

Category	No. of Shares Held	Percentage of Shareholding
A PROMOTER'S HOLDING		
1 Promoters	12202879	41.23
2 Persons acting in Concert	-	-
Sub -Total	12202879	41.23
B NON - PROMOTER'S HOLDING		
3 Institutional Investors		
a. Mutual Funds and UTI	218579	0.74
b. Banks	193360	0.65
Financial Institutions	1389441	4.70
Insurance Companies	871950	2.95
Central / State Government Institutions	90	0.00
c. Foreign Institutional Investors	4550	0.01
Sub - Total	2677970	9.05
4 Others		
a. Private Corporate Bodies	4731180	15.98
b. Indian Public	8715375	29.45
c. NRIs / OCBs	1263971	4.27
d. Any other (please specify) Foreigners	5050	0.02
Sub - Total	14715576	49.72
GRAND TOTAL	29596425	100.00

Distribution of Shareholding as on 31.03.2006

No. of Ordinary Shares held	No. of Shareholders	No. of Shareholders (%)
1 to 500	56777	96.90
501 to 1000	966	1.65
1001 to 2000	396	0.68
2001 to 3000	161	0.27
3001 to 4000	55	0.09
4001 to 5000	39	0.07
5001 to 10000	95	0.16
10001 and above	103	0.18
TOTAL	58592	100.00

Dematerialisation of shares and liquidity

The Company's shares are under Compulsory demat mode.

Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity

Not Applicable.

Subsidiaries' Plant Locations

1. **Binani Zinc Limited**
Binanipuram, Ernakulam, Kerala- 683502
2. **Binani Cement Limited**
Binanigram, Pindwara,
Sirohi, Rajasthan -307025
3. **Goa Glass Fibre Limited**
Colvale, Bardez,
Goa - 403513
4. **BT Composites Limited**
C5 to C9, Madkaim Indl. Est. Mardol Post, Goa- 403404
5. **Ess Vee Alloys (Pvt.) Limited**
Plot No.113, D.S.S. Industrial Estate, Piparia, Silvassa 396 230
Dadra & Nagar Haveli (U.T)

Address for correspondence for Binani Industries Limited & its Subsidiary Companies (Except Ess Vee Alloys Private Limited R.B.G. Minerals Industries Limited and Opticon Consultants Private Limited).

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

**Registered Office of
Ess Vee Alloys Private Limited/
Opticon Consultants Private Limited**
Mercantile Chambers, 12, J. N. Heredia Marg, Ballard Estate,
Mumbai - 400 001.

Registered Office of R.B.G. Minerals Industries Limited
17-A, Old Fatehpura, Udaipur-313004

DECLARATION

All the members of the Board of Directors of the Company and Senior Management of the Company have affirmed compliance of the code of conduct for the year ended 31st March 2006. The code of conduct laid down for all Board members and Senior Management of the Company is posted on the website of the Company.

Mumbai
25th April, 2006

Sushil Bhatler
Wholetime Director &
Group CEO

COMPLIANCE CERTIFICATE OF THE AUDITORS

A certificate from the Auditors of the Company regarding Compliance of conditions of Corporate governance as stipulated under clause 49 of the listing Agreement is attached to this report.

To

The Members of Binani Industries Limited.

We have examined the compliance of conditions of Corporate governance by Binani Industries Limited (the company) for the year ended March 31, 2006 as stipulated in clause 49 of the Listing Agreement entered into with the Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As per the records of the Company, no investor grievance are pending for a period exceeding one month against the Company except the complaint of one investor.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KANU DOSHI ASSOCIATES

Chartered Accountants

JAYESH PARMAR

Partner
Membership No. 45375.

Place : Mumbai
Dated : 25th April, 2006

AUDITORS' REPORT

To
The Members of Binani Industries Limited

1. We have audited the attached Balance Sheet of Binani Industries Limited as at March 31, 2006 and also the Profit and Loss Account and 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 required 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 the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 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:
 - i. 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;
 - ii. 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 these books *subject to our observation mentioned in paragraph 5(ii) below*;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. 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, *subject to our observation mentioned in paragraph 5(ii) below on non-provision of diminution in the value of investments which is not ascertainable*.
 - v. Based on the written representations received from the directors, we report that none of the directors are disqualified as on March 31, 2006 from being appointed as directors in terms of Section 274(1)(g) of the Companies Act, 1956.
5. Attention is invited to the following in Schedule 17 :
 - i. Note No. 4 regarding non provision of Income tax liability of Rs. 135.48 lacs. The Company has filed an appeal against the order of the Income Tax Appellate Tribunal, confirming the chargeability of interest under Sections 234B and 234C and

on Minimum Alternate Tax under Section 115JA/JB of the Income Tax Act, 1961, before the Hon'ble High Court at Calcutta.

In view of the nature of the case involved, the ultimate outcome of the matter relating to the liability, if any, in this regard cannot be ascertained/determined at this stage.

- ii. Note No. 11 regarding erosion of net worth of a subsidiary BT Composites Limited. The Company has investments of Rs.978.85 Lakhs and has also extended loans of Rs.652.40 Lakhs to this subsidiary. We are unable to comment on whether provision, if any, for the diminution in the value of said investments, which is other than temporary and non-recoverability of principal and interest on these loans, is required to be made. The impact of these on the financial statements cannot be ascertained.
 - iii. Note no. 19 regarding appointment of Managing Director as required under Section 269 of the Companies Act, 1956.
 - iv. Note No. 12 regarding write off of Rs. 319.88 lacs being diminution in value of investments due to impairment in the value of the assets of Binani Lead Limited a subsidiary company.
 - v. Note No. 9 regarding write off of Rs. 389.22 lacs due to impairment in the value of Plant and Machinery of moulding division of the Company.
6. Subject to our observations in paragraph 5(i) and 5(ii) 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;
- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2006.
 - b. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Kanu Doshi Associates
Chartered Accountants

Jayesh Parmar
Partner
Membership No.45375

Place: Mumbai
Date : 25th April, 2006.

Annexure referred to in paragraph 3 of our report of even date to the Members of Binani Industries Limited.

- i a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) During the year the fixed assets of the Company have been physically verified by the management. As explained to us, the

company has a policy to carry out physical verification of all assets *except for the assets given on lease* in a phased manner at regular intervals, which in our opinion, is reasonable having regards to the size of the company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.

- c) There was no substantial disposal of fixed assets during the year.
- ii a) The management has conducted physical verification of inventory at reasonable intervals.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (b) to (iii) (d) of paragraph 4 of the Order are not applicable to the Company for the current year.
- b) There is one Company covered in the register maintained under Section 301 of the Companies Act, 1956 from which the Company has taken unsecured loan. The maximum amount involved during the year was Rs. 285 lacs and the year end balance of loans taken from such Companies was Rs. 210 lacs.
- c) In our opinion, the rate of interest and other conditions on which loan has been taken from a Company listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- d) In respect of such loan taken by the Company, where stipulations have been made, they have generally repaid the principal amounts as stipulated and have been regular in payment in interest, where applicable.
- iv In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. We have not observed any continuing failure to correct major weaknesses in the internal control system.
- v a) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
- b) In our opinion and according to the information and explanation given to us, the transactions in pursuance of such contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market prices at relevant time.
- vi The Company has not accepted any deposits from the public.
- vii In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- ix a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year.
- b) According to the records of the Company, there are no dues outstanding of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty, Cess on account of any dispute, other than the following:

Name of the Statute	Nature of Dues	Amount Rs. in Lacs	Forum where dispute is pending
Income Tax Act, 1961	Various disallowance under the Act and interest on Advance Tax	409.66	Assessing Officer
Income Tax Act, 1961	Interest on Advance Tax	0.93	High Court at Kolkatta
Karnataka Sales Tax Act	Demand for Tax on transfer of right to use the assets	70.10	Supreme Court

- x The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash loss during the year. However it had incurred cash loss in the immediately preceding financial year.
- xi During the period under review, the Company has not defaulted in repayment of dues to a financial institution or bank or debentures.
- xii According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit/societies.
- xiv The Company does not deal or trade in shares, securities, debentures and other investments.
- xv According to the information and explanations given to us, the Company has given guarantee for loans taken by its subsidiaries and associates from Banks and Financial Institutions, the terms and conditions thereof in our opinion are not *prima facie* prejudicial to the interest of the Company.
- xvi Based on the information and explanation given to us by the management, the Company has not taken any term loan during the year.
- xvii 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.
- xviii The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix According to the information and explanations given to us and the records examined by us, no debentures were issued by the Company during the year.
- xx The Company has not raised any money through a public issue during the year.
- xxi According to the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Kanu Doshi Associates**
Chartered Accountants

Jayesh Parmar
Partner
Membership No.45375

Place: Mumbai
Date : 25th April, 2006.

BALANCE SHEET AS AT 31ST MARCH 2006

(Rs. Lakhs)

	Schedule	As at 31st March, 2006	As at 31st March, 2005
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	2,961.52	2,961.52
Reserves and Surplus	2	19,659.72	20,534.72
		22,621.24	23,496.24
LOAN FUNDS			
Secured Loans	3	9.93	3,959.42
Unsecured Loans	4	26,108.41	32,999.18
		26,118.34	36,958.60
T O T A L		48,739.58	60,454.84
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	7,913.85	8,206.81
Depreciation		(7,124.08)	(6,917.19)
Net Block		789.77	1,289.62
Capital Work-in-Progress		-	4.96
INVESTMENTS	6	39,721.15	48,366.24
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	0.93	112.55
Sundry Debtors		1.62	13.44
Cash and Bank Balances		58.39	133.05
Loans and Advances		1,093.15	1,174.58
		1,154.09	1,433.62
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	8	(221.47)	(317.05)
Provisions		(531.65)	(3.75)
		(753.12)	(320.80)
NET CURRENT ASSETS		400.97	1,112.82
MISCELLANEOUS EXPENDITURE	9	-	-
(To the extent not written off or adjusted)			
PROFIT & LOSS ACCOUNT	10	7,827.69	9,681.20
T O T A L		48,739.58	60,454.84
NOTES ON ACCOUNTS AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FORM INTEGRAL PART OF ACCOUNTS			
	17		

As per our report of even date attached

For and on behalf of the Board of Directors

For KANU DOSHI ASSOCIATES

Chartered Accountants

JAYESH PARMAR

Partner

Membership No: 45375

Place : Mumbai

Date : 25th April, 2006

T.R. Chandramohan Nair

Executive Vice President

(Corporate & Legal) & Secretary

M.K. Chattopadhyaya

Senior Vice President

(Corporate) & Chief Financial Officer

Braj Binani

Chairman

Sushil Bhatler

Wholtime Director & Group CEO

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

(Rs. Lakhs)

	Schedule	For the year ended 31st March, 2006	For the year ended 31st March, 2005
INCOME			
Gross Sales	11	46.47	1,251.37
Less: Excise Duty		4.61	3.15
Net Sales		41.86	1,248.22
Other Income (Refer note 17 in Schedule 17)		118.69	28.07
TOTAL		160.55	1,276.29
EXPENDITURE			
Raw Materials, Packing Materials and Goods Consumption	12	113.53	1,065.30
Other Manufacturing Expenses	13	11.74	14.01
Payments to and Provision for Employees	14	30.49	33.15
Selling and Administration Expenses	15	136.22	366.13
Interest and Finance Charges	16	1,847.11	3,305.13
Depreciation		106.39	115.70
TOTAL		2,245.48	4,899.42
Profit/(Loss) before extra ordinary item		(2,084.93)	(3,623.13)
Extra Ordinary Items			
Loan to subsidiary written off (Refer note 11 and 12 in Schedule 17)		(276.05)	(866.17)
Plant and Machinery written off on impairment (Refer note 9 in Schedule 17)		(389.22)	-
Interest for earlier years written back on One Time Settlement of Loans (Refer note 15 and note 14 in Schedule 17)		1,106.63	-
Investment in Subsidiary written off (Refer note 12 in Schedule 17)		(319.88)	-
Profit on Sale of investment in Equity Shares in Subsidiary (Refer note 10 in Schedule 17)		3,510.38	-
Profit/(Loss) after extra ordinary items but before Taxation		1,546.93	(4,489.30)
Provision for Taxation		-	1.66
-Tax of earlier years written back		-	-
-Current Tax (MAT)		(60.71)	-
-Deferred Tax (refer note 26 in Schedule 17)		-	-
-Fringe Benefit Tax		(1.50)	1.66
Profit/(Loss) for the year		1,484.72	(4,487.64)
Transfer to General Reserve		(75.00)	-
Proposed Dividend		(443.95)	-
Tax on Dividend		(62.26)	-
Transfer from Debenture Redemption Reserve		875.00	-
Balance brought forward from last year		(9,681.20)	(5,193.56)
Balance Carried to Balance Sheet (Schedule 10)		(7,902.69)	(9,681.20)
Earnings Per Share (Equity Shares, Face value Rs. 10/- each)			
Basic & Diluted (Rs.)		5.02	(15.16)
Number of shares used in computing earnings per share Basic & Diluted		29,596,425	29,596,425
NOTES ON ACCOUNTS AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FORM INTEGRAL PART OF ACCOUNTS			

As per our report of even date attached

For and on behalf of the Board of Directors

For KANU DOSHI ASSOCIATES

Chartered Accountants

JAYESH PARMAR

Partner

Membership No: 45375

Place : Mumbai

Date : 25th April, 2006

T.R. Chandramohan Nair

Executive Vice President

(Corporate & Legal) & Secretary

M.K. Chattopadhyaya

Senior Vice President

(Corporate) & Chief Financial Officer

Braj Binani

Chairman

Sushil Bhatner

Wholetime Director & Group CEO

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2006

(Rs. Lakhs)

	As at 31st March 2006	As at 31st March 2005
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED:		
4,00,00,000 Equity Shares of Rs. 10 each	4,000.00	4,000.00
60,00,000 Preference Shares of Rs. 100 each	6,000.00	6,000.00
	<u>10,000.00</u>	<u>10,000.00</u>
ISSUED , SUBSCRIBED AND PAID UP:		
2,95,96,425 Equity Shares of Rs. 10 each fully paid up (Previous year 2,95,96,425 Equity Shares of Rs. 10 each) (Of the above 1,59,30,075 Equity Shares were allotted as fully paid up Bonus Shares by capitalisation of General Reserve, Share Premium and Profit on reissue of forfeited shares)	2,959.64	2,959.64
Add: Forfeited Shares	1.88	1.88
TOTAL	<u>2,961.52</u>	<u>2,961.52</u>

SCHEDULE - 2**RESERVES AND SURPLUS****CAPITAL RESERVE**

As per last Balance Sheet

49.04

49.04

49.0449.04**CAPITAL INVESTMENT SUBSIDY**

As per last Balance Sheet

15.00

15.00

15.0015.00**SHARE PREMIUM**

As per last Balance Sheet

19,595.68

19,595.68

19,595.6819,595.68**DEBENTURE REDEMPTION RESERVE**

As per last Balance Sheet

875.00

875.00

Less: Transfer to Profit and Loss Account

(875.00)

-

-875.00**GENERAL RESERVE**

As per last Balance Sheet

-

-

Add: Transfer from Profit and Loss Account

75.00

-

Less: Balance at the year end adjusted with the debit balance
of Profit and Loss Account as per contra

(75.00)

-

--**TOTAL**19,659.7220,534.72

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2006

	As at 31st March 2006	As at 31st March 2005
(Rs. Lakhs)		
SCHEDULE - 3		
SECURED LOANS		
(refer note 7 in Schedule 17)		
DEBENTURES		
Financial Institutions	-	2,867.15
(Falling due for payment within one year Nil)		
(Previous year Rs. 2867.15 lakhs)		
Interest accrued and due	-	1,010.12
	-	3,877.27
WORKING CAPITAL DEMAND LOAN/CASH CREDIT		
Banks	-	80.06
HIRE PURCHASE CREDIT		
	9.93	2.09
(Falling due for payment within one year Rs. 4.56 lakhs)		
(Previous year Rs. 2.09 lakhs)		
TOTAL	9.93	3,959.42

SCHEDULE - 4**UNSECURED LOANS**

From Subsidiaries (refer note 7 in Schedule 17)	22,740.13	30,835.90
From Promoters	1,973.28	1,873.28
From Others (refer note 8 in Schedule 17)	1,395.00	290.00
TOTAL	26,108.41	32,999.18

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2006

SCHEDULE - 5

FIXED ASSETS

	Freehold Land	*Buildings (Including Roads)	Plant and Machinery	Furniture & Office Equipments	** Transport Equipments	GRAND TOTAL	TOTAL PREVIOUS YEAR	(Rs. Lakhs)
								Capital Work in Progress
GROSS BLOCK								
As at 1st April, 2005	4.04	929.47	6,987.04	231.18	55.08	8,206.81	8,211.61	
Additions during the year	-	-	0.79	1.99	17.77	20.56	45.25	
Sales/Transfers/Adjustments during the year ***	-	-	255.01	9.27	49.24	313.52	50.05	
Total as at 31st March, 2006	4.04	929.47	6,732.82	223.90	23.61	7,913.85	8,206.81	
DEPRECIATION								
As at 1st April, 2005	-	319.98	6,421.06	143.06	33.08	6,917.19	6,827.76	
Additions during the year	-	35.02	439.04	14.94	6.62	495.61	115.70	
On Sales/Transfers/Adjustments during the year ***	-	-	252.50	5.21	31.02	288.72	26.27	
Total as at 31st March, 2006	-	355.00	6,607.60	152.79	8.68	7,124.08	6,917.19	
NET BLOCK								
As at 31st March, 2006	4.04	574.47	125.22	71.11	14.93	789.77	1,289.62	-
As at 31st March, 2005	4.04	609.49	565.98	88.12	22.00	1,289.62		4.96

Notes:

- * Includes Building of Rs. 198.05 lakhs on leasehold land. Transfer of lease yet to be completed.
** Gross Block includes Vehicle taken on Hire Purchase amounting to Rs. 17.77 lakhs (Previous Year Rs. 8.28 Lakhs)
*** Sale / Transfer / Adjustment include Rs. 4.02 Lakhs (Previous year Rs. 21.75 Lakhs) being gross value of certain assets discarded during the year. Consequential loss on discarding of assets amounting to Rs. 1.81 Lakhs (Previous year Rs. 9.38 Lakhs) has been charged to Profit & Loss Account.

	Current year		Previous year	
	Gross Block	WDV Depreciation For the year	Gross Block	WDV Depreciation For the year
2. Charged to Profit & Loss Account Value of Plant and Machinery written off on account of impairment (Refer note 9 in Schedule 17) Depreciation for the year				
3. Particulars of assets leased out:	Current year		Previous year	
	Gross Block	WDV Depreciation For the year	Gross Block	WDV Depreciation For the year
Plant and Machinery	5,973.97	2.00	6,224.64	4.51

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2006

	As at 31st March 2006	(Rs. Lakhs) As at 31st March 2005
SCHEDULE - 6		
INVESTMENTS		
LONG TERM NON-TRADE		
UNQUOTED		
INVESTMENT IN SUBSIDIARY COMPANIES		
i) 5,90,007 Equity Shares in Binani Lead Limited of Rs. 100 each fully paid up Less: Written off during the year (Refer note 12 in Schedule 17)	590.01 <u>(319.88)</u> 270.13	590.01 - 590.01
ii) 15,23,25,956 Equity Shares in Binani Cement Limited of Rs. 10 each fully paid up (20,31,01,274 Equity Shares of Rs. 10 each fully paid up) (Refer note 10 in Schedule 17)	24,975.62	33,300.83
iii) 3,21,77,389 Equity Shares in Goa Glass Fibre Limited of Rs. 10 each fully paid up	3,217.74	3,217.74
iv) 90,00,000 Equity Shares in BT Composites Limited of Rs. 10 each fully paid up (refer note 11 in Schedule 17)	928.85	928.85
v) 42,00,000 6% Non Cumulative Redeemable Preference Shares in Goa Glass Fibre Limited of Rs. 100 each fully paid up	4,200.00	4,200.00
vi) 5,00,000, 4% Redeemable Non Cumulative Preference Shares in BT Composites Limited of Rs. 10 each fully paid up (refer note 11 in Schedule 17)	50.00	50.00
vii) 6,07,88,138 Equity Shares in Binani Zinc Limited of Rs. 10 each fully paid up	6,078.81	6,078.81
TOTAL	<u>39,721.15</u>	<u>48,366.24</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2006

	As at 31st March 2006	(Rs. Lakhs) As at 31st March 2005
SCHEDULE - 7		
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
INVENTORIES		
Stores and Spare Parts	0.93	0.93
Raw Materials and Packing Materials (Refer note 13 in Schedule 17)	-	1.80
Finished Goods	-	109.82
	<u>0.93</u>	<u>112.55</u>
SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)		
Debts outstanding for a period exceeding six months	0.89	0.88
Other Debts	0.73	12.56
	<u>1.62</u>	<u>13.44</u>
CASH AND BANK BALANCES		
Cash in Hand	0.25	1.08
Balance with Scheduled Banks:		
Current Accounts	22.89	5.61
Deposit Accounts (includes margin money Rs. 1.30 Lakhs) (Previous Year Rs. 81.00 Lakhs)	2.30	82.00
Dividend Accounts	32.95	44.36
	<u>58.39</u>	<u>133.05</u>
LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)		
Advances and Loans to Subsidiaries (refer note 28 b in Schedule 17)	652.40	791.67
Advances recoverable in cash or in kind or for value to be received	170.10	43.89
Accrued Interest	0.43	0.47
Advance Tax including tax deducted at source (net)	203.87	264.12
Advance Fringe Benefit Tax (net)	0.30	-
Other Deposits	22.90	24.91
Balance with Customs and Excise Authorities	43.15	49.52
	<u>1,093.15</u>	<u>1,174.58</u>
TOTAL	<u><u>1,154.09</u></u>	<u><u>1,433.62</u></u>

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2006

	As at 31st March 2006	(Rs. Lakhs) As at 31st March 2005
SCHEDULE - 8		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Creditors (refer note 29 in Schedule 17)		
- For Trade	0.58	2.30
- For Expenses	55.52	54.66
Bills Discounted with Banks	-	7.33
Other Liabilities	130.62	205.99
Advances from Customers	0.01	2.40
Investor Education and Protection Fund *		
- Unpaid Dividend	32.95	44.37
Interest accrued but not due on loans	1.79	-
	<u>221.47</u>	<u>317.05</u>
PROVISIONS		
Proposed Dividend	443.95	-
Tax on Proposed Dividend	62.26	-
Gratuity	21.64	-
Leave Encashment	3.80	3.75
	<u>531.65</u>	<u>3.75</u>
TOTAL	<u>753.12</u>	<u>320.80</u>

* The actual amount will be transferred on due date

SCHEDULE - 9

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Structuring Fees

As per last Balance Sheet	-	15.05	-
Less: Amortised during the year	-	(15.05)	-
TOTAL	<u>-</u>	<u>-</u>	<u>-</u>

SCHEDULE - 10

PROFIT & LOSS ACCOUNT

As per Profit and Loss Account	7,902.69	9,681.20
Less: Adjusted with credit balance in General Reserve at the end of the year as per contra	(75.00)	-
TOTAL	<u>7,827.69</u>	<u>9,681.20</u>

**SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2006**

(Rs. Lakhs)

		For the year ended 31st March 2006		For the year ended 31st March 2005	
SCHEDULE - 11					
SALES					
		<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>
Glass Fibre @ *	MT	-	-	1,701	1,187.82
Glass Fibre Products	MT	40	29.35	61	63.45
Others			17.12		0.10
TOTAL			<u>46.47</u>		<u>1,251.37</u>

@ Traded Goods

*Merchant export upto August 2004 of Glass Fibre

SCHEDULE - 12**RAW MATERIALS AND GOODS CONSUMPTION**

Raw Materials Consumed		2.08		44.35
(Increase)/Decrease in Finished Goods				
Opening Stock		109.82		111.21
Closing Stock		-		109.82
		109.82		1.39
Cost of Traded Goods				
Purchase/Opening Stock		17.04		1,016.78
Closing Stock		-		-
		17.04		1,016.78
Excise Duty on Stock adjustment		(15.41)		2.78
TOTAL		<u>113.53</u>		<u>1,065.30</u>

Breakup of Opening & Closing Stock of Finished Goods:

		Opening Stock		Closing Stock	
		<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>
Glass Fibre Products	MT	105	109.82	67	-
		(111)	(111.21)	(105)	(109.82)

Closing Stock is net of Damaged and Samples 2 MT. (Previous year - 2 MT)

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2006**

(Rs. Lakhs)

	For the year ended 31st March 2006	For the year ended 31st March 2005
SCHEDULE - 13		
OTHER MANUFACTURING EXPENSES		
(refer note 24 in Schedule 17)		
Power, Lighting and Fuel	2.93	6.35
Consumption of Stores and Spares	0.58	4.96
Repairs		
- Buildings	3.62	0.37
- Plant and Machinery	0.43	0.10
- Others	4.18	0.88
- Other Operating Expenses	-	1.35
TOTAL	11.74	14.01

SCHEDULE - 14**PAYMENTS TO AND PROVISION FOR EMPLOYEES**

(refer note 24 in Schedule 17)

Salaries, Wages and Bonus	20.51	19.67
Contribution to Provident and other Funds	7.34	11.69
Staff Welfare Expenses	2.64	1.79
TOTAL	30.49	33.15

SCHEDULE - 15**SELLING AND ADMINISTRATION EXPENSES**

(refer note 24 in Schedule 17)

Freight and Transport	-	96.65
Insurance	2.16	14.09
Rates and Taxes	3.06	0.48
Directors' Fees	2.22	2.15
Rent	1.44	1.01
Travelling Expenses	12.74	17.54
Professional Services	43.61	32.07
Service Charges	12.31	12.84
Discounting Charges	-	27.18
Foreign Exchange Fluctuation Loss	-	28.62
Compensation for tenancy rights	-	40.00
Miscellaneous Expenses	58.68	93.49
TOTAL	136.22	366.13

SCHEDULE - 16**INTEREST AND FINANCE CHARGES**

(refer note 24 in Schedule 17)

Fixed Loans	45.79	2,016.96
Others	1,778.14	1,259.54
Finance Charges	23.18	28.63
TOTAL	1,847.11	3,305.13

NOTES ATTACHED TO AND FORMING PART OF THE STATEMENT OF ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2006**SCHEDULE -17****1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****BASIS OF ACCOUNTING**

The financial statements have been prepared on accrual basis and 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 recognized 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.

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

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.

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.

Leased assets are amortised over the period of lease or on the Straight Line Method at rates prescribed under Schedule XIV to the Companies Act, whichever is higher.

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 Materials are valued at lower of weighted average cost (net of Cenvat) and net realisable value. Work-in-process is valued at lower of cost and net realisable value.

Stores and Spares have been valued at weighted average cost (net of Cenvat).

Finished Goods have been valued at lower of cost and net realisable value. Cost for this purpose includes direct cost, attributable overheads and excise duty.

INVESTMENTS

Long-term investments are stated at cost less provision for diminution in value, which is other than temporary.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are accounted at the exchange rate prevailing on the date of each transaction. Premium or discount on forward exchange contract is amortised as expense or income over the life of the contract. Assets and Liabilities denominated in foreign currencies are stated at the exchange rate prevailing on the date of the Balance Sheet except that in case of forward contracts, they are stated at forward exchange rate. Exchange differences arising on liabilities incurred for the purpose of acquiring Fixed Assets including

SCHEDULE -17 (Contd.)

premium on forward cover are adjusted in the carrying amount of the respective fixed assets. Gain or Loss arising out of translation/ conversion of other balances and on cancellation or renewal of forward exchange contract are accounted for in the Profit and Loss Account.

RETIREMENT BENEFITS

The Provident Fund Scheme is a defined contribution plan for which the contribution accruing during each year as per the scheme is expensed. The Superannuation Scheme, a defined benefit plan was effective till 31st March, 2005 and was funded with the Life Insurance Corporation of India (LIC) and the annual contribution to the fund was expensed. The Gratuity Scheme is a defined benefit plan which is funded with the LIC and the liability of accrued gratuity based on actuarial valuation as confirmed by LIC is expensed. Provision is made towards liability for leave encashment 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.

TAXATION

Income tax is accounted in accordance with AS-22 'Accounting for taxes on income', issued by The Institute of Chartered Accountants of India, which includes current taxes and deferred taxes. Deferred income taxes reflect the impact of the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. 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 due to unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

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.

	As at 31/03/2006	(Rs. Lakhs) As at 31/03/2005
2. Contingent Liabilities not provided for:-		
a) Counter guarantees given to Banks and Financial Institutions for the guarantees given by them on behalf of the Company and subsidiaries.	Nil	156.97
b) Letter of Credit opened by banks on behalf of the Company and Subsidiaries.	Nil	2,334.79
c) Corporate Guarantees given to Financial Institutions and Banks in respect of loans to Binani Cement Limited, Binani Zinc Limited, Goa Glass Fibre Limited and BT Composites Limited (Subsidiaries of the Company) - amount outstanding.	55,963.12	59,747.78
3. Claims against the Company not acknowledged as debts (Excludes contingent liability in respect of certain income tax matters in which amount is presently not ascertainable; also refer note no 4)	554.41	527.22
4. For the Assessment years 1999-2000 and 2000-2001, the Income Tax Tribunal (ITAT) at Kolkata have allowed the Income Tax Department's appeal and confirmed the chargeability of interest under Sections 234B and 234C of the Income Tax Act, 1961, on Minimum Alternate Tax (MAT) under Section 115 JA of the Income Tax Act, 1961, which was earlier allowed by the Commissioner of Income Tax (Appeal) in favour of the Company. Against the Order of ITAT, Company has filed appeal before the Hon'ble High Court at Calcutta. For Assessment year 2001-2002 also Company has filed appeal before the Hon'ble High Court at Calcutta against the order of ITAT confirming chargeability of interest u/s 234B & 234C on MAT under Section 115 JB of the said Act. Under the circumstances, the disputed demand of Rs. 135.48 lakhs has not been provided.		
5. The Board of Directors have approved a proposal for swap of upto 50% Equity Shares in the Share Capital of the Company held by its members for existing shares in BCL and BZL held by the Company. Consequent to such swap, shareholders of the Company will receive (on exercising positive option) shares of BCL and BZL in lieu of their shareholding in the Company which will stand cancelled and they will cease to be shareholders of the Company. The swap ratio has been fixed as 25 (Twenty Five) existing equity share(s) of BCL of Rs.10/- each fully paid and existing 25(Twenty Five) equity share(s) of BZL of Rs.10/- each fully paid for every 20 (Twenty) existing equity share(s) of Rs.10/- each fully paid of the Company based on the Valuation Report and Fairness Report of firms of Chartered Accountants. The draft Scheme of Arrangement U/s 391 and other applicable provisions of the Companies Act, 1956 has been approved by the Stock Exchange after certain modifications. The Scheme was filed with the Hon'ble High Court at Calcutta for its approval on 18th April, 2006.		
6. Glass Fibre Products	MT	Installed Capacity Actual Production *
	1,500	1,500
	-	50
* net of captive consumption of 6 MT (Previous year 7 MT).		

SCHEDULE -17 (Contd.)

Licensed capacity 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, has been assessed by the management and relied on by the auditors.

7. LOANS - SECURED

A. Industrial Development Bank Of India (IDBI) has approved financial restructuring package vide their letter dated March 31, 2005 and accordingly all Term Loans and OFCD outstanding as on 1.10.2004 (the cut off date) have been transferred to Binani Cement Limited (BCL) and Binani Zinc Limited (BZL) as per the details given below :-

- (i) Rupee Term Loans/ OFCD outstanding as on 1.10.2004 amounting to Rs. 8870.60 lakhs have been transferred to Binani Cement Limited and will carry interest @ 8% p.a.
- (ii) Funded Interest Term Loan (FITL) which includes interest accrued and due as on 1.10.2004 totalling to Rs. 4733.21 Lakhs have been transferred to Binani Zinc Limited. The simple interest portion amounting to Rs. 4411.75 lakhs have been converted to FITL and will carry interest @ 2% p.a. and compounded interest portion amounting to Rs. 321.45 lakhs have been converted to Zero Coupon loan.

The above loans/ OFCD will have a first charge ranking pari-passu with other lenders on both the immovable and movable assets, both present and future, of the Company, BCL & BZL subject to prior charge on certain movable assets in favour of the banker for working capital requirements/limits.

These loans are to be also secured by Corporate Guarantee of the Company and pari passu pledge of 51% of shares held by the Company in BCL and BZL.

All the term liabilities of IDBI in BCL and BZL will be secured/ to be secured by first charge on the fixed assets of the Company on pari passu basis (Term Liabilities of IDBI outstanding in the books of BCL Rs. 32371.21 lakhs and in BZL Rs. 4822.25 lakhs)

B. The outstanding loan of Industrial Investment Bank of India (IIBI) as on 1.10.2004 have been transferred to Binani Cement Limited as agreed in the meeting of the empowered committee under Corporate Debt Restructuring (CDR) as per details below:-

- (i) Rupee Term Loans outstanding as on 1.10.2004 amounting to Rs. 1800.00 lakhs have been transferred to Binani Cement Limited and will carry interest @ 8% p.a.
- (ii) Funded Interest Term Loan includes interest accrued and due as on 1.10.2004 totalling to Rs. 405.99 lakhs have been transferred to Binani Cement Limited. The simple interest portion amounting to Rs. 396.09 lakhs have been converted to FITL and will carry interest @ 3% p.a. and compounded interest portion amounting to Rs. 9.91 lakhs have been converted to Zero Coupon loan.

The outstanding amount of loans have been repaid by BCL during the year by way of One Time Settlement as agreed by IIBI as per their letter dated 28th March, 2006 (Refer note 14 below)

C. The outstanding Loans of ICICI Bank Ltd. as on 31.03.2005 have been transferred to Goa Glass Fibre Limited (GGFL) as agreed in the empowered committee under CDR and as per letter dated March 22, 2005 given by ICICI Bank Limited to CDR Cell of IDBI and further letter dated July 9, 2005 as per details below.

- (i) Rupee Term Loans outstanding as on 31.03.2005 amounting to Rs.1062.03 lakhs and Rs. 2000.00 lakhs have been transferred to GGFL which will carry interest @ 8% p.a.
- (ii) Funded Interest Term Loan includes interest accrued and due upto 31.03.2005 totalling to Rs. 525.95 lakhs have been funded and transferred to GGFL which will carry interest @ 2% p.a.

The above loan is secured/ to be secured by first charge on Fixed Assets of GGFL on pari passu basis.

These loans are to be also secured by Corporate Guarantee of the Company and pari passu pledge of shares held by the Company in GGFL(Term Liabilities outstanding in the books of GGFL as on 31.03.2006 Rs. 3444.59 lakhs.)

D. Non Convertible Debentures - Unit Trust of India (UTI) - Outstanding Nil (Previous Year - Rs. 2867.15 lakhs, interest accrued and due Rs. 1010.12 lakhs)

Secured by pledge of 10,80,00,000 Equity Shares of Binani Cement Limited held as investments by the Company. The debentures were to be redeemed in 3 equal annual instalments falling due on 5/4/02, 5/4/03, and 5/4/04. During the year, the outstanding dues were paid by way of One Time Settlement agreed to by UTI as per their letter dated 12th July, 2005 (Refer note 15 below).

SCHEDULE -17 (Contd.)**E. Cash Credit/ Working Capital Demand Loan**

Banks - Nil (Previous year Rs. 80.06 lakhs)

Secured/ to be secured against hypothecation of Raw Materials, Stock-in-Process, Finished Goods and Book Debts and also by way of second charge on the immovable properties of the erstwhile Zinc division of the Company at Binanipuram, Kerala, transferred to Binani Zinc Limited (BZL) (a subsidiary of the Company), subject to charges created or to be created in favour of institutions/ banks as detailed in the respective loan agreements/deed(s) of hypothecation executed by the Company. During the year, Cash Credit/Working Capital Loans (Rs. 913.37 Lakhs) were transferred to BZL.

F. Hire Purchase Credit - Outstanding Rs. 9.93 lakhs (Previous Year Rs. 2.09 lakhs)

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

8. Unsecured Loans from others include short term loan from other corporate bodies Rs. 1395 lakhs (Previous year Rs. 290 lakhs).
9. Based on the valuation report dated 15th January, 2006 of M/s H.C.Goyal & Associates and as advised by Kanu Doshi Associates, Statutory Auditors vide their letter dated 19th January, 2006, the Company has written off Rs.389.22 lakhs being impairment in the value of Plant and Machinery of moulding division which was debited to Profit & Loss Account as an extra ordinary item.
10. During the year, the Company has sold 5,07,75,318 equity shares of BCL. The profit on sale of such shares amounting to Rs. 3510.00 lakhs was credited to Profit and Loss Account as an extraordinary item.
11. The Company has an investment of Rs. 978.85 lakhs in the Equity Shares and Preference Shares in and has given advances of Rs. 928.45 lakhs to BT Composites Limited (BTCL), a wholly owned subsidiary of the Company, which has accumulated losses of Rs. 2322.26 lakhs as on 31.03.2006. BTCL is registered with BIFR as a sick company and the proposal for the rehabilitation scheme is under preparation for submission at BIFR. BTCL has approached the lender for substantial waiver of loans through one time settlement. The performance of the Company is expected to improve due to anticipated increase in demand for its products in domestic and international markets for which appropriate marketing strategy is adopted. In terms of the above, the Company has written off an amount of Rs. 276.05 lakhs being loan including interest outstanding as on 31.03.2002 by way of part waiver of loan advanced to them so as to ensure early rehabilitation.

In view of the above factors and having regard to the long term nature of the investment, management is of the view that there is no diminution in value other than temporary in the value of same.
12. During the previous year, Binani Lead Limited (BLL) had abandoned the Lead project being unviable due to restrictions by the Government of India on import of Battery scrap coupled with reduction in customs duty on lead metal. Under the circumstances, advances of Rs. 866.17 lakhs given by the Company to BLL was written off as a measure of prudence.

During the year, based on the valuation report reference no. 2981 dtd. 30.08.05 of M/s Anmol Sekhri & Associates Pvt. Ltd. and as advised by V. B. Doshi & Co., Statutory Auditors vide their letter dtd.16.01.06, BLL has written off Rs.272.37 lakhs on account of impairment in the value of building.
In view of the above, the Company has written off Rs. 319.88 lakhs being diminution in the value of Investment in BLL as per AS-28 which was debited to Profit and Loss Account as an extra ordinary item.
13. During the year, the Company has written off old stock of glass fibre moulded products of Rs. 86.00 lakhs being unsaleable on a prudent basis.
14. The outstanding loans of IIBI which were transferred to BCL in 2004-05, have been paid in full as per One Time Settlement agreed to by IIBI as per their letter dated 28th March, 2006. Remission in interest upto 30th September, 2004 amounting to Rs.279.37 lakhs pertaining to the Company is credited to Profit and Loss Account as an extraordinary item.
15. During the year, the outstanding dues of Non Convertible-Debentures of UTI were paid as per One Time Settlement agreed to by UTI vide its letter dated 12th July, 2005. The remission in interest in respect of earlier years amounting to Rs. 827.27 lakhs was written back and credited to the Profit and Loss Account as an extra ordinary item.
16. Amounts payable to BCL aggregate to Rs. 13671.21 lakhs at the year end includes amounts aggregating to Rs. 93.38 lakhs given during the year in relation to the Company's proposal to sale to the public 2,05,00,000 Equity Shares of Rs.10/- each of BCL held by the Company through an offer for sale through 100% book building process.

SCHEDULE -17 (Contd.)

		(Rs. Lakhs)	
		For the year ended 31/03/2006	
		For the year ended 31/03/2005	
17.	Other Income:		
	i) Dividends	-	0.10
	(Tax deducted at source Rs. Nil, Previous year Nil)		
	ii) Interest from Banks/ Others	2.08	18.43
	(Tax deducted at source Rs. 0.46 lakhs, Previous year Rs. 0.06 lakhs)		
	iii) Profit on sale of Investments	-	1.07
	iv) Others	98.12	8.47
	v) Settlement of old dispute	18.49	-
		<u>118.69</u>	<u>28.07</u>
18.	Raw Material Consumption :		
		2005-06	2004-05
		Quantity (MT)	Quantity (MT)
		Value	Value
		Rs. Lakhs	Rs. Lakhs
	Indigenous (100%)		
	LPMC	0.3	53
		2.08 *	44.35
		<u>2.08</u>	<u>44.35</u>
	* Includes Rs. 1.80 lakhs written off during the year.		
			(Rs. Lakhs)
		For the year ended 31/03/2006	For the year ended 31/03/2005
19.	Managerial Remuneration to Chairman and Managing Director & Whole Time Directors :		
	Salary	-	32.43
	Contribution to Provident and other funds	-	8.96
	Perquisites *	-	10.90
		<u>-</u>	<u>52.29</u>
	* Does not include monetary value of non cash perquisites as per Income Tax Act,1961.		
	The Company is in the process of appointing a wholetime director.		
	The amount of previous year includes Rs. 45.95 lakhs refunded by the Chairman & Managing Director being excess remuneration upto 31st December, 2004 paid to him (due to inadequacy of profits). Pending approval of the Central Government the same was kept in Suspense Account. During the year Rs. 35.00 lakhs have been refunded to him as per the approval received from the Central Government and balance of Rs. 10.95 lakhs have been written back and credited to Profit and Loss Account.		
			(Rs. Lakhs)
		For the year ended 31/03/2006	For the year ended 31/03/2005
20.	Expenditure in Foreign Currency (on cash basis) :-		
	Commission	-	18.66
	Others	-	26.07
21.	Earnings in Foreign Exchange :		
	Exports - FOB basis	-	1,150.66
	Others	-	0.83
22.	Remuneration to Auditors		
	Audit Fees	1.10	1.10
	Consolidated Accounts	2.20	2.20
	Reimbursement of expenses	0.08	-
	Other Services	3.43	1.57
		<u>6.81</u>	<u>4.87</u>
			(Rs. Lakhs)
		For the year ended 31/03/2006	For the year ended 31/03/2005
23.	Quantitative details regarding trading activities during the year:	Quantity	Value (Rs. Lakhs)
	<u>Glass Fibre</u>		
	Purchase	MT -	1,701
	Closing Stock	-	1,016.70
	<u>Others</u>		
	Purchase	-	17.04
	Closing Stock	-	-

SCHEDULE -17 (Contd.)

24. Other manufacturing expenses, Payments to and provision for employees and Selling and Administration expenses are net of Rs. 46.33 lakhs (Previous year Rs. 33.65 lakhs), Nil (Previous year Rs. 131.77 lakhs) and Rs. 187.61 lakhs (Previous year Rs. 358.63 lakhs) respectively, being share of 90% of total common expenses allocated to subsidiaries of the Company - Binani Cement Limited, Binani Zinc Limited, Goa Glass Fibre Limited on the basis of respective turnover.

Interest and Finance charges for the year, include Rs. 1685.55 lakhs (Previous Year Rs. 1071.40 lakhs) allocated by subsidiaries of the Company - Binani Cement Limited, Binani Zinc Limited and Goa Glass Fibre Limited and are net of Nil (Previous Year Rs. 50.87 lakhs) allocated to subsidiaries of the Company - Goa Glass Fibre Limited and Binani Zinc Limited. Allocation of interest is done on the basis of daily balances in respective current accounts.

The Company has allocated common expenses of its project office to subsidiaries of the Company - Binani Cement Limited, Binani Zinc Limited and Goa Glass Fibre Limited amounting to Rs. 5.26 lakhs (Previous year Rs. 159.91 lakhs), Rs. 3.29 lakhs (Previous year Rs. 79.30 lakhs) and Rs. 2.20 lakhs (Previous year Rs. 32.78 lakhs) respectively, on the basis of turnover and time spent in projects activities of the subsidiaries.

25. The Company has acquired assets on hire purchase, the fair value of which is Rs. 17.77 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 1 Year not later than 5 Years	Total
Minimum Installments Payable (MIP)	5.15	5.79	10.95
	(2.18)	(-)	(2.18)
Present Value of Installments Payable (PVIP)	4.56	5.37	9.93
	(2.09)	(-)	(2.09)
(Difference between MIP and PVIP represents future financial charges)			
(Figures in bracket pertain to previous year)			

26. Deferred tax asset in respect of unabsorbed depreciation and business loss has been recognised to the extent of deferred tax liability as there is virtual certainty that these would be available as set off in future years on reversal of deferred tax liability representing depreciation.

Deferred Tax Liability as on 31.03.06 comprises of the following:

	Rs. Lakhs	
	As at 31.03.2006	As at 31.03.2005
a) Deferred Tax Liability		
Fixed Assets	102.97	248.90
Total	102.97	248.90
b) Deferred Tax Asset		
Disallowance under Income Tax Act, 1961	1.51	128.74
Unabsorbed Losses & Depreciation	101.46	120.16
Total	102.97	248.90
Provision for Deferred Tax Liability (net)	-	-

Further the Company on a prudent basis has not recognised deferred tax asset relating to unabsorbed depreciation and losses amounting to Rs. 5817.73 lakhs (Previous Year Rs. 5667.97 lakhs).

27. Since the Company is holding company and have other operations which are insignificant, Segmental disclosure as per Accounting Standard, AS - 17 of The Institute of Chartered Accountants of India is not applicable.

SCHEDULE -17 (Contd.)

28. Related Party disclosure as per AS 18 issued by the Institute of Chartered Accountant of India
a. The Company has entered into transactions in ordinary course of business with related parties at arms length as per details below:

Particulars	(Rs. Lakhs)		
	Subsidiaries	Enterprises where Key Management Personnel have got significant influence	Total
Purchase of goods	0.33 (1,063.55)	- (-)	0.33 (1,063.55)
Sale of goods	26.37 (9.69)	- (-)	26.37 (9.69)
Sale of fixed assets	4.43 (2.53)	- (-)	4.43 (2.53)
Payment towards Services received	- (-)	109.20 (109.20)	109.20 (109.20)
Rent paid	- (-)	1.80 (1.80)	1.80 (1.80)
Interest paid	- (-)	26.53 (3.52)	26.53 (3.52)
Rent Received	- (-)	0.01 (0.02)	0.01 (0.02)
Loans & Advances			
- Given	136.78 (63.39)	- (-)	136.78 (63.39)
- Taken	458.86 (21,767.22)	295.00 (106.00)	753.86 (21,873.22)
-Repaid	8,554.62 (-)	75.00 (16.00)	8,629.62 (16.00)
Balance outstanding as on 31.03.2006			
-Due from	652.40 (791.67)	- (-)	652.40 (791.67)
-Due to	22,740.14 (30,835.90)	2,183.28 (1,963.28)	24,923.42 (32,799.18)

(Figures in bracket pertain to previous year)

b. Loans and Advances in the nature of Loans given to Subsidiaries etc.			(Rs. Lakhs)	
Sr No.	Name of the Company		As at March 31, 2006	Maximum Balance during the year
1	BT Composites Limited	Subsidiary	652.40 (791.67)	928.45 (791.67)

(Figures in bracket pertain to previous year)

Loans and Advances shown above falls under the category of 'Loans and Advances in the nature of loans (through intra company current accounts) where there is no fixed repayment schedule and the same is interest - free.

29. There are no small scale industrial undertakings to whom the Company owes any sums together with interest outstanding for more than 30 days.
30. Previous year's figures have been regrouped / reclassified wherever necessary.

For and on behalf of the Board of Directors

T.R. Chandramohan Nair
Executive Vice President
(Corporate & Legal) & Secretary

Braj Binani
Chairman

M.K. Chattopadhyaya
Senior Vice President
(Corporate) & Chief Financial Officer

Sushil Bhatner
Wholtime Director & Group CEO

Place : Mumbai
Date : 25th April, 2006

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006

	(Rs. Lakhs)	
	For the year ended 31st March 2006	For the year ended 31st March 2005
Cash Flow From Operating Activities		
Net Profit Before Tax	1,546.93	(4,489.30)
Adjustments for:		
Depreciation	106.39	115.70
Interest & Financial Charges	1,847.11	3,304.28
Exchange Fluctuation Unrealised	-	0.23
Loss/(Profit) on Sale/Discard of Fixed Assets	3.28	13.22
Impairment in the value of Fixed Assets	389.22	-
Profit on sale of Investments	(3,510.38)	(1.07)
Loss on Diminution of Investment	319.88	-
Loan to Subsidiary written off	276.05	866.17
Sundry Balances written off	6.41	-
Interest and other Liability for Earlier Years w/back	(1,119.34)	-
Interest and Dividend Income	(62.55)	(18.53)
Operating Profit Before Working Capital Changes	(197.00)	(209.30)
Adjustments for:		
Inventories	111.62	4.29
Trade and Other Receivables	(51.95)	763.81
Trade and Other Payables	(62.97)	(673.84)
Cash Generated from Operations	(200.30)	(115.04)
Direct Taxes Paid (including FBT)	(1.80)	-
A Net Cash from Operating Activities	(202.10)	(115.04)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(20.56)	(27.36)
Sale of Fixed Assets	26.48	10.56
Investments in/Advances to Subsidiaries and others	(136.78)	(63.39)
Sale of Long Term Investments	11,835.59	1,751.53
Interest and Dividend Income Received	1.66	0.10
B Net Cash Used in Investing Activities	11,706.39	1,671.44
Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings (Including Funded Interest)	13.50	1,532.45
Repayment of Term Loan	(2,872.81)	(20,249.30)
Decrease in Bank Borrowings (net)	(80.06)	(1,772.83)
Other Borrowings (net)	(6,890.77)	21,637.20
Interest & Finance Charges paid	(1,748.81)	(2,649.48)
C Net Cash from Financing Activities	(11,578.95)	(1,501.96)
D Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(74.66)	54.44
E Opening Cash & Cash Equivalents (Cash and Bank Balances)	133.05	78.61
F Closing Cash & Cash Equivalents (D+E) (Cash and Bank Balances)	58.39	133.05

As per our report of even date attached

For and on behalf of the Board of Directors

For KANU DOSHI ASSOCIATES

Chartered Accountants

JAYESH PARMAR

Partner

Membership No: 45375

Place : Mumbai

Date : 25th April, 2006

T.R. Chandramohan NairExecutive Vice President
(Corporate & Legal) & Secretary**M.K. Chattopadhyaya**Senior Vice President
(Corporate) & Chief Financial Officer**Braj Binani**

Chairman

Sushil Bhatner

Wholtime Director & Group CEO

PART IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration No.:

2	5	5	8	4
---	---	---	---	---

 State Code:

2	1
---	---

Balance Sheet Date:

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

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

Public Issue

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

 Rights 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

4	8	7	3	9	5	8
---	---	---	---	---	---	---

 Total Assets

4	8	7	3	9	5	8
---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid up Capital

2	9	6	1	5	2
---	---	---	---	---	---

 Reserves & Surplus

1	9	6	5	9	7	2
---	---	---	---	---	---	---

Secured Loans

9	9	3
---	---	---

 Unsecured Loans

2	6	1	0	8	4	1
---	---	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

7	8	9	7	7
---	---	---	---	---

 Investments

3	9	7	2	1	1	5
---	---	---	---	---	---	---

Net Current Assets

4	0	0	9	7
---	---	---	---	---

 Profit & Loss Account

7	8	2	7	6	9
---	---	---	---	---	---

IV PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover (net) *

4	1	8	6
---	---	---	---

 Total Expenditure

2	2	4	5	4	8
---	---	---	---	---	---

Profit / (Loss) Before Tax

1	5	4	6	9	3
---	---	---	---	---	---

 Profit / (Loss) After Tax

1	4	8	4	7	2
---	---	---	---	---	---

Earnings Per Share in Rs.

5	.	0	2
---	---	---	---

 Dividend Rate %

1	5
---	---

* Excluding Extra Ordinary/ Other Income (net) - 375055

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

Item Code No. (ITC Code) Product Description

3	9	2	5	9	9	0	0
---	---	---	---	---	---	---	---

LPMC Panels

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BINANI INDUSTRIES LIMITED AND ITS SUBSIDIARIES

To the Board of Directors of Binani Industries Ltd.

1. We have audited the attached Consolidated Balance Sheet of Binani Industries Limited (the Company) and its subsidiaries (Binani Group) as at 31st March 2006, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended prepared in accordance with accounting principles generally accepted in India.
 2. 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. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. 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. We did not audit the financial statements of all the subsidiaries including step down subsidiaries, excluding Binani Cement Limited, whose financial statements reflect total assets of Rs. 28,218.36 lakhs as at 31st March 2006, and total revenues of Rs. 24,944.39 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far it relates to the amounts included in respect of the subsidiaries including step down subsidiaries, is based solely on the report of the other auditors.
 4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of Binani Industries Limited and its subsidiaries included in the consolidated financial statements *except as indicated in paragraph 5(i) below.*
 5. Further to our comments as above, we report that;
 - i. *As explained in note 7 of Schedule 17, pursuant to the scheme of arrangement between the Company and its subsidiary (Binani Cement Limited) approved by the High Court of Calcutta, equity shares amounting to Rs.12,990.70 lakhs, have been cancelled against accumulated losses and miscellaneous expenditure by the subsidiary during the year ended March 31, 2003. The difference between the carrying value of investment in the books of the Company and the proportionate share in the capital of the subsidiary of Rs.9,743.02 lakhs has been considered as goodwill in these financial statements for the reasons mentioned in note 7 of Schedule 17. The Scheme of Arrangement of the Company, provides that any restatement of retained assets and liabilities of the Company relating to its investments in Binani Cement Limited is to be adjusted first from the Revenue Reserves and the balance, if any, from the Share Premium account of the Company. In view of the above, this amount of Rs.9,743.02 lakhs should have been adjusted against the Revenue Reserve/Share Premium Account of the Company.*
 - ii. *As explained in note 11(a) and (b) in Schedule 17, during the previous years Binani group has written back provision made in earlier years, being the difference between amount billed by the Kerala State Electricity Board and the applicable concessional tariff, aggregating Rs.734.29 lakhs (proportionate share of Binani group) based on a legal opinion. As per the auditors report, in view of the nature of the case involved, the ultimate outcome of the matter relating to the liability, if any, in this regard cannot be ascertained/determined at this stage.*
 - iii. *As explained in note 8 and 9 in Schedule 17, during the year, Binani group has not provided for penal charges for electricity demanded by Kerala State Electricity Board of Rs 522.03 lakhs (proportionate share of Binani group), including Rs.223.84 lakhs (proportionate share of Binani group) relating to the current year, which has been stayed by the High Court of Kerala. As per the auditors report, in view of the nature of the case involved, the ultimate outcome of the matter relating to the liability, if any, in this regard cannot be ascertained/determined at this stage.*
 - iv. *As explained in note 10(a) in Schedule 17, as per the restructuring package (RP) approved by IDBI with effect from 01.10.2004 vide IDBI's letter dtd.31st March 2005, differential interest on various loans/FITL at a lower rate, as per the RP, resulting into a reduction of interest aggregating to Rs.1,020.91 lakhs (proportionate share of Binani group) which has been converted into Zero Coupon Loan by IDBI, should have been provided.*
 - v. *As explained in note 18.5 in Schedule 17, Binani group has not made provision for interest amounting to Rs.261.69 lakhs in respect of certain term loans for the year which should have been provided for.*
 - vi. *As explained in note 17(b) in Schedule 17, provision for disputed refund receivable from Goa Electricity Board amounting to Rs.68.89 lakhs should have been made as matter is pending since 1996 before the Hon'ble Supreme Court.*
 - vii. *Without considering the effect of our comments in paragraphs (ii), and (iii) above, which could not be ascertained, had the observations made by us in paragraphs (i), (iv), (v) and (vi) above been considered, the profit for the year ended March 31, 2006 would have been Rs. 3,749.24 lakhs (as against the reported figure of Rs. 5,100.73 lakhs), Net Assets as at March 31, 2006 would have been Rs. 13,307.15 lakhs (against the reported figure of Rs. 24,401.66 lakhs) and minority interest as at March 31, 2006 would have been Rs. 6,703.45 lakhs (as against the reported figure of Rs. 7,043.75 lakhs).*
6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Binani Industries Limited, its aforesaid subsidiaries and step down subsidiaries and *subject to our comments in paragraphs 4 and 5 above*, we are of the opinion that in conformity with the accounting principles generally accepted in India;
- a. the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the group as at 31st March, 2006;
 - b. the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the group for the year then ended; and
 - c. the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the group for the year then ended.

For **KANU DOSHI ASSOCIATES**
Chartered Accountants

JAYESH PARMAR
Partner
Membership No.: 45375

Place: Mumbai
Date : April 25, 2006

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006

(Rs. Lakhs)

	Schedule	As at 31st March 2006	As at 31st March 2005
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	2,961.52	2,961.52
Reserves and Surplus	2	<u>19,684.72</u>	<u>20,859.72</u>
		22,646.24	23,821.24
MINORITY INTEREST			
		7,043.75	2,220.03
LOAN FUNDS			
Secured Loans	3	66,223.60	63,445.30
Unsecured Loans	4	<u>4,673.28</u>	<u>3,633.28</u>
		70,896.88	67,078.58
DEFERRED PAYMENT LIABILITY			
DEFERRED TAX LIABILITY			
(refer note 22 in Schedule17)		246.25	17.48
TRADE DEPOSITS			
		<u>1,256.43</u>	<u>1,215.23</u>
T O T A L		<u>102,089.55</u>	<u>94,549.81</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
	5		
Gross Block		133,424.64	134,696.59
Depreciation		<u>(56,622.28)</u>	<u>(49,871.81)</u>
Net Block		76,802.36	84,824.78
Capital Work-in-Progress		10,475.88	1,115.10
INVESTMENTS			
	6	15.07	2,331.18
CURRENT ASSETS, LOANS AND ADVANCES			
	7		
Inventories		15,894.12	9,532.96
Sundry Debtors		960.21	928.10
Cash and Bank Balances		10,831.08	1,403.81
Loans and Advances		4,645.77	2,591.91
Assets held for disposal		<u>42.77</u>	<u>31.26</u>
		<u>32,373.95</u>	<u>14,488.04</u>
CURRENT LIABILITIES AND PROVISIONS			
	8		
Current Liabilities		(21,225.95)	(17,660.45)
Provisions		<u>(1,640.09)</u>	<u>(451.06)</u>
		<u>(22,866.04)</u>	<u>(18,111.51)</u>
NET CURRENT ASSETS		9,507.91	(3,623.47)
MISCELLANEOUS EXPENDITURE			
	9	1.06	5.50
PROFIT AND LOSS ACCOUNT			
	10	<u>5,287.27</u>	<u>9,896.72</u>
T O T A L		<u>102,089.55</u>	<u>94,549.81</u>
BASIS OF CONSOLIDATION , STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORM INTEGRAL PART OF ACCOUNTS			

As per our report attached

For and on behalf of the Board of Directors

For KANU DOSHI ASSOCIATES

Chartered Accountants

JAYESH PARMAR

Partner

Membership No: 45375

Place : Mumbai

Date : 25th April, 2006

T.R. Chandramohan Nair

Executive Vice President

(Corporate & Legal) & Secretary

M.K. Chattopadhyaya

Senior Vice President

(Corporate) & Chief Financial Officer

Braj Binani

Chairman

Sushil Bhatner

Wholtime Director & Group CEO

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

(Rs. Lakhs)

	Schedule	As at 31st March 2006	As at 31st March 2005
INCOME			
Gross Sales and Related Income	11	86,071.98	79,926.02
Excise Duty		12,878.42	12,443.92
Net Sales and Related Income		73,193.56	67,482.10
Other Income		814.10	801.28
TOTAL		74,007.66	68,283.38
EXPENDITURE			
Raw Materials, Packing Materials and Goods Consumption	12	20,773.69	18,515.33
Other Manufacturing Expenses	13	22,229.58	22,022.01
Payments to and Provision for Employees	14	3,343.22	3,011.57
Selling and Administration Expenses	15	12,684.62	12,963.30
Interest and Finance Charges	16	5,504.55	8,793.88
Depreciation and Amortisation on Fixed Assets		5,779.37	5,863.57
Amortisation of Miscellaneous Expenditure		4.42	11.06
TOTAL		70,319.45	71,180.72
Profit/(Loss) before extra ordinary item		3,688.21	(2,897.34)
Extra Ordinary Items			
Expenditure on Lead Project Written off		-	(880.75)
Assets Written off on Impairment		(1,506.18)	-
Interest for Earlier Years Written back on One Time Settlement of Loans		1,106.63	-
Profit on Sale of Investment in Equity Shares in Subsidiary		3,510.38	-
Profit/(Loss) after extra ordinary item but before taxation		6,799.04	(3,778.09)
Provision for Taxation			
-Current Tax		(561.74)	(74.05)
-Tax of earlier years written back		0.02	1.76
-Deferred Tax (net)		(49.00)	(39.00)
-Fringe Benefit Tax		(44.21)	-
Profit/(Loss) for the year		6,144.11	(3,889.38)
Share of Minority Interest		(1,043.38)	(46.40)
Profit/(Loss) for the year after Minority Interest		5,100.73	(3,935.78)
Transfer to General Reserve		(208.00)	-
Proposed Dividend		(443.95)	-
Tax on Dividend		(203.36)	-
Balance brought forward from previous year		(9,896.72)	(5,960.94)
Adjustment on account of transfer of investment division as per Scheme of Arrangement		(805.35)	-
Transfer from Debenture Redemption Reserve		1,175.00	-
Adjustment in Minority Interest on account of Sale of Investment in Equity Shares in Subsidiary		(213.62)	-
Balance Carried to Balance Sheet (Schedule 10)		(5,495.27)	(9,896.72)
Earnings Per Share (Equity Shares, par value Rs. 10/- each)			
Basic & Diluted (Rs.)		17.23	(13.30)
Number of Shares used in computing earnings per share			
Basic & Diluted		29,596,425	29,596,425

BASIS OF CONSOLIDATION, STATEMENT OF SIGNIFICANT

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORM INTEGRAL PART OF ACCOUNTS

As per our report attached

For and on behalf of the Board of Directors

For KANU DOSHI ASSOCIATES

Chartered Accountants

JAYESH PARMAR

Partner

Membership No: 45375

Place : Mumbai

Date : 25th April, 2006

T.R. Chandramohan Nair

Executive Vice President

(Corporate & Legal) & Secretary

M.K. Chattopadhyaya

Senior Vice President

(Corporate) & Chief Financial Officer

Braj Binani

Chairman

Sushil Bhatner

Wholtime Director & Group CEO

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006

	(Rs. Lakhs)	
	As at 31st March 2006	As at 31st March 2005
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
4,00,00,000 Equity Shares of Rs. 10 each	4,000.00	4,000.00
60,00,000 Preference Shares of Rs. 100 each	6,000.00	6,000.00
	<u>10,000.00</u>	<u>10,000.00</u>
ISSUED, SUBSCRIBED AND PAID UP		
2,95,96,425 Equity Shares of Rs. 10 each fully paid up	2,959.64	2,959.64
Of the above 1,59,30,075 Equity Shares were allotted as fully paid up Bonus Shares by capitalisation of General Reserve, Share Premium and Profit on reissue of forfeited Shares		
Add: Forfeited Shares	1.88	1.88
TOTAL	<u>2,961.52</u>	<u>2,961.52</u>

SCHEDULE - 2**RESERVES AND SURPLUS**

CAPITAL RESERVE		
As per last Balance Sheet	49.04	49.04
CAPITAL INVESTMENT SUBSIDY		
As per last Balance Sheet	40.00	40.00
SHARE PREMIUM		
As per last Balance Sheet	19,595.68	19,595.68
DEBENTURE REDEMPTION RESERVE		
As per last Balance Sheet	1,175.00	1,175.00
Less: Transfer to Profit and Loss Account	<u>(1,175.00)</u>	<u>-</u>
	-	1,175.00
GENERAL RESERVE		
As per last Balance Sheet	-	-
Less: Transfer from Profit and Loss Account	208.00	-
Add: Balance at the year end adjusted with the debit balance of Profit & Loss Account as per contra	<u>(208.00)</u>	<u>-</u>
TOTAL	<u>19,684.72</u>	<u>20,859.72</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006

(Rs. Lakhs)

	As at 31st March 2006	As at 31st March 2005
SCHEDULE - 3		
SECURED LOANS		
TERM LOANS		
Financial Institutions (Falling due for payment within one year Rs. 3999.20 lakhs) (Previous Year Rs. 2794.48 lakhs)	45,969.06	52,446.84
Interest accrued and due	<u>206.10</u>	<u>560.20</u>
	46,175.16	53,007.04
Banks (Falling due for payment within one year Rs. 555.42 lakhs) (Previous Year Rs. 1258.11 lakhs)	1,812.68	4,961.99
Interest accrued and due	<u>13.73</u>	<u>-</u>
	1,826.41	4,961.99
Others (Falling due for payment within one year Rs. 87.50 lakhs)	8,635.00	-
DEBENTURES		
Financial Institutions (Falling due for payment within one year Nil) (Previous Year Rs. 3267.15 lakhs)	-	3,667.15
Interest accrued and due	<u>-</u>	<u>1,010.53</u>
	-	4,677.68
DEBENTURES - APPLICATION MONEY		
	7,000.00	-
WORKING CAPITAL DEMAND LOAN / CASH CREDIT		
Banks	2,551.38	781.31
HIRE PURCHASE CREDIT		
(Falling due for payment within one year Rs. 18.14 lakhs) (Previous Year Rs. 7.01 lakhs)	35.65	17.28
TOTAL	<u>66,223.60</u>	<u>63,445.30</u>

SCHEDULE - 4**UNSECURED LOANS**

From Promoters	1,983.28	1,873.28
From Others	2,690.00	1,760.00
TOTAL	<u>4,673.28</u>	<u>3,633.28</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006

SCHEDULE 5

	FREEHOLD LAND	LEASEHOLD LAND (INCLUDING ROADS)	*BUILDING (INCLUDING ROADS)	PLANT AND MACHINERY	PLANT EXPLORATIONS & DEVELOPMENTS	MINE & EQUIPMENT	FURNITURE & OFFICE EQUIPMENT	** TRANSPORT EQUIPMENT	SUB TOTAL	*** GOODWILL ON CONSOLIDATION	TOTAL	TOTAL PREVIOUS YEAR	CAPITAL WORK IN PROGRESS
GROSS BLOCK													
As at 1st April 2005	335.57	160.97	6,925.93	112,305.55	784.12	780.89	367.16	121,660.19	13,036.40	134,696.59	130,289.31		
Additions during the year	7.21	8.18	0.44	2,808.36	-	33.78	78.22	2,936.19	-	2,936.19	5,477.66		
Sales/Transfers/Adjustments during the year	-	-	-	886.74	-	13.84	59.71	960.29	3,247.86	4,208.15	1,070.38		
Total as at 31st March 2006	342.78	169.15	6,926.37	114,227.17	784.12	800.83	385.67	123,636.09	9,788.55	133,424.64	134,696.59		
DEPRECIATION AND AMORTISATION													
As at 1st April 2005	-	24.45	2,743.08	46,157.15	149.67	548.03	249.43	49,871.81	-	49,871.81	44,418.20		
Additions during the year ****	-	17.53	734.83	6,437.33	22.89	40.65	41.00	7,294.23	-	7,294.23	5,869.19		
On Sales/Transfers/Adjustments during the year	-	-	-	503.16	-	8.35	32.25	543.76	-	543.76	415.58		
Total as at 31st March 2006	-	41.98	3,477.91	52,091.32	172.56	580.33	258.18	56,622.28	-	56,622.28	49,871.81		
NET BLOCK													
As at 31st March 2006	342.78	127.17	3,448.46	62,135.85	611.56	220.50	127.49	67,013.81	9,788.55	76,802.36	84,824.78	10,475.88	
As at 31st March 2005	335.57	136.52	4,182.85	66,148.40	634.45	232.86	117.73	71,788.38	13,036.40	84,824.78	1,115.10		

Notes

- * Includes building of Rs. 198.05 lakhs (Previous year Rs. 198.05 lakhs) on leasehold land. Transfer of lease yet to be completed. In BCL buildings includes approach road built on land not owned by BCL Rs. 398.02 lakhs (Previous year Rs. 398.02 lakhs).
** Gross Block includes vehicle taken on Hire Purchase amounting to Rs. 68.04 lakhs (Previous Year Rs. 25.14 lakhs).
*** refer note 7 in Schedule 17

	Current Year	Previous Year
Charged to Profit & Loss Account	5,779.37	5,869.19
Add: Assets written off on Impairment (Refer note 19 in Schedule 17)	1,506.18	-
Add: Capitalised	8.68	-
Depreciation for the year	<u>7,294.23</u>	<u>5,869.19</u>

- Particulars of assets leased out:

	Current year	Previous year
Gross Block	WDV	Depreciation for the year
Plant and Machinery	5973.97	2.00
		Gross Block
		WDV
		Depreciation for the year
		4.51

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006

	As at 31st March 2006	(Rs. Lakhs) As at 31st March 2005
SCHEDULE - 6		
INVESTMENTS		
LONG TERM		
NON-TRADE QUOTED		
PNB Gilts Limited	10.02	10.02
33,400 Equity Shares of Rs. 10/- each fully paid up (Market Value Rs. 6.53 lakhs, Previous year Rs. 6.29 lakhs)		
UNQUOTED		
A) SHARES IN OTHER COMPANIES		
i) 5,50,250 Equity Shares in Nupur Marketing Pvt. Ltd. of Rs.10 each fully paid up	-	1,100.50
ii) 5,210 Equity Shares in Radiant Plywoods Pvt. Ltd. of Rs.10 each fully paid up	-	0.26
iii) 6,04,200 Equity Shares in Tista Commercial Pvt. Ltd. of Rs.10 each fully paid up	-	1,208.40
v) 20,000 Equity Shares in Kerala Enviro Infrastructure Ltd. of Rs.10 each fully paid up	2.00	-
B) APPLICATION MONEY		
2,000 Equity Shares in Mona Export Ltd. of Rs. 100 each	-	2.00
50,000 Equity Shares in MSJ Fincol & Trading Pvt. Ltd. of Rs.10 each	-	5.00
C) ADVANCE FOR INVESTMENTS IN		
Kerala Enviro Infrastructure Ltd.	3.05	5.00
TOTAL	15.07	2,331.18

SCHEDULE - 7**CURRENT ASSETS, LOANS AND ADVANCES****CURRENT ASSETS****INVENTORIES**

Stores, Spare parts and Loose Tools/ Coal	3,330.81	2,935.09
Raw Materials and Packing Materials	9,539.71	3,568.96
Work-in-Process	186.89	351.22
Finished Goods (including by-products)	2,836.71	2,677.69
	15,894.12	9,532.96

SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)

Debts outstanding for a period exceeding six months	125.34	28.06
Other Debts	834.87	900.04
	960.21	928.10

CASH & BANK BALANCES

Cash in Hand	8.85	6.70
Balance with Scheduled Banks:		
Current Accounts	1,266.41	696.45
Deposit Accounts (Including margin money Rs. 7686.03 lakhs) (Previous Year Rs. 81.00 lakhs)	8,853.76	174.09
Dividend Accounts	32.95	44.36
Cheques in Hand (including remittance in transit)	669.11	482.21
	10,831.08	1,403.81

LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD)

Advances recoverable in cash or kind or for value to be received	3,535.49	1,603.87
Accrued interest	3.85	0.80
Advance FBT (net)	0.88	-
Advance Tax including tax deducted at source (net)	-	243.67
Other Deposits	600.76	480.07
Balance with Customs and Excise Authorities	504.79	263.50
	4,645.77	2,591.91

ASSETS HELD FOR DISPOSAL

	42.77	31.26
TOTAL	32,373.95	14,488.04

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006

(Rs. Lakhs)

	As at 31st March 2006	As at 31st March 2005
SCHEDULE - 8		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Creditors		
- For Trade including acceptance	10,711.23	9,973.20
- For Expenses	5,705.69	3,472.49
- SSI Units (as identified by management)	150.80	107.04
Bills Discounted with Banks	736.12	867.56
Bills Payable	357.17	43.82
Other Liabilities	1,020.35	957.48
Advances from Customers	2,320.57	1,892.03
Investor Education and Protection Fund *		
- Unpaid Dividend	32.95	44.37
Interest accrued but not due on loans	191.07	302.46
	<u>21,225.95</u>	<u>17,660.45</u>
* The actual amount will be transferred on due date		
PROVISIONS		
Income Tax (MAT) (net)	259.49	-
Proposed Dividend	443.95	-
Tax on Proposed Dividend	203.36	-
Gratuity	490.93	264.98
Leave Encashment	242.36	186.08
	<u>1,640.09</u>	<u>451.06</u>
TOTAL	<u>22,866.04</u>	<u>18,111.51</u>

SCHEDULE - 9**MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Preliminary Expenses	1.15	2.39
Add: Additions during the year	-	1.10
Less: Amortised during the year	<u>(0.09)</u>	<u>(2.35)</u>
	1.06	1.14
Technical Know-how		
As per last Balance Sheet	4.36	13.09
Less: Amortised during the year	<u>(4.36)</u>	<u>(8.73)</u>
	-	4.36
Structuring Fees		
As per last Balance Sheet	-	15.05
Less: Amortised during the year	<u>-</u>	<u>(15.05)</u>
	-	-
TOTAL	<u>1.06</u>	<u>5.50</u>

SCHEDULE - 10**PROFIT AND LOSS ACCOUNT**

As per Profit and Loss Account	5,495.27	9,896.72
Less: Adjusted with credit balance in General Reserve at the end of the year as per contra	<u>(208.00)</u>	<u>-</u>
TOTAL	<u>5,287.27</u>	<u>9,896.72</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR 31ST MARCH 2006**

(Rs. Lakhs)

		For the year ended 31st March 2006		For the year ended 31st March 2005	
SCHEDULE - 11					
SALES AND RELATED INCOME					
		<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>
Unwrought Zinc	MT	17,485	18,022.66	26,541	19,809.46
Cement	MT	2,342,759	58,400.65	2,238,368	52,880.45
Sulphuric Acid	MT	27,630	608.21	42,035	902.56
Cadmium	KG	58,505	86.08	27,905	23.66
Glass Fibre	MT	9,745	7,073.91	7,929	6,085.65
Glass Fibre Products	MT	97	94.24	63	95.05
Aluminium & Zinc Alloys	MT	216	249.77	65	60.81
Others		-	17.21	-	7.64
Trading Sales Zinc	MT	1,506	1,463.18	-	-
Related Income		-	56.07	-	60.74
TOTAL			86,071.98		79,926.02

SCHEDULE - 12**RAW MATERIALS, PACKING MATERIALS AND GOODS CONSUMPTION**

Raw Materials /Packing Material and Goods Consumption (including direct mining cost)			18,024.92		17,445.43
Royalty and Cess on Limestone			1,366.42		1,212.96
(Increase)/Decrease in Work-in-Progress					
Opening Stock		351.22		62.14	
Closing Stock		186.89	164.33	351.22	(289.08)
(Increase)/Decrease in Finished Goods					
Opening Stock *		2,677.84		2,783.48	
Closing Stock		2,836.70	(158.86)	2,677.68	105.80
Cost of Traded Goods			1,363.83		16.14
Excise Duty on Stock adjustment			13.05		24.08
TOTAL			20,773.69		18,515.33

* Includes stock amounting to Rs. 0.16 lakhs of step down subsidiary acquired during the year.

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2006**

	(Rs. Lakhs)	
	For the year ended 31st March 2006	For the year ended 31st March 2005
SCHEDULE - 13		
OTHER MANUFACTURING EXPENSES		
Power, Lighting, Fuel & Water Charges	18,484.97	18,051.53
Consumption of Stores and Spares	2,170.77	2,463.92
Repairs		
- Buildings	87.40	111.88
- Plant and Machinery	913.99	899.52
- Others	121.12	105.52
Other Operating Expenses	451.33	389.64
TOTAL	<u>22,229.58</u>	<u>22,022.01</u>
SCHEDULE - 14		
PAYMENTS TO AND PROVISION FOR EMPLOYEES		
Salaries, Wages and Bonus	2,586.59	2,289.20
Contribution to Provident and other Funds	526.72	439.23
Staff Welfare expenses	229.91	283.14
TOTAL	<u>3,343.22</u>	<u>3,011.57</u>
SCHEDULE - 15		
SELLING AND ADMINISTRATION EXPENSES		
Freight and Transport	8,449.69	8,432.75
Insurance	511.87	297.47
Rates and Taxes	169.27	241.09
Directors' Fees	4.49	3.39
Rent	80.21	78.25
Advertisement and Sales Promotion	243.09	330.35
Compensation for tenancy rights	-	40.00
Miscellaneous expenses	1,852.12	2,005.71
Commission to Selling Agents	1,019.12	971.25
Loss on sale/disard of Fixed Assets (net)	354.76	560.03
Capital Work in Progress written off	-	3.01
TOTAL	<u>12,684.62</u>	<u>12,963.30</u>
SCHEDULE - 16		
INTEREST AND FINANCE CHARGES		
Interest		
- Fixed Loans	3,169.36	6,810.19
- Others	1,922.24	1,593.29
Finance Charges	412.95	390.40
TOTAL	<u>5,504.55</u>	<u>8,793.88</u>

NOTES ON CONSOLIDATED ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2006

SCHEDULE - 17

1 (a) **Basis of preparation**

Binani Industries Limited (BIL) has prepared the consolidated financial statements by consolidating its accounts with its subsidiaries and step down subsidiaries in accordance with Accounting Standard AS-21 on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.

1 (b) **Principles of Consolidation**

The financial statements of all these companies are prepared according to uniform accounting policies, in accordance with generally accepted accounting principles in India. The effect of intercompany transactions between the consolidated companies are eliminated in consolidation.

The excess of Investment value in the holding Company over the face value of equity of the subsidiary companies are reflected as Goodwill under Fixed Assets.

2 **Companies included in Consolidation****Subsidiaries**

Binani Cement Limited (BCL), Binani Zinc Limited (BZL), Goa Glass Fibre Limited (GGFL), BT Composites Limited (BTCL), and Binani Lead Limited (BLL) are the subsidiaries and they are incorporated in India. GGFL, BTCL and BLL are wholly owned subsidiaries. In case of BCL, BIL's shareholding is 75.00% (Previous year 93.57%) and in case of BZL, BIL's shareholding is 89.90% (Previous year 89.90%) .

Step down subsidiaries

R.B.G. Minerals Industries Limited (RBG), Ess Vee Alloys Private Limited and Opticon Consultants Private Limited are wholly owned subsidiaries of BZL and they are incorporated in India.

3 **Other Significant Accounting Policies and Additional Information:**

The other Significant Accounting Policies have been set out in the notes to Accounts of the parent Company (Binani Industries Limited) as the same has been applied to the Accounts of the parent and subsidiary companies. Additional information not impacted by consolidation is also set out in the Notes to Accounts of the parent Company.

		(Rs. Lakhs)	
		As at 31/03/2006	As at 31/03/2005
4	The estimated amount of contracts and commitments remaining to be executed on capital account not provided for	42643.82	725.88
5	Contingent Liabilities :		
	(a) Guarantees given to Banks and Financial Institutions	124.94	162.13
	(b) Surety executed by BCL to the Bond executed by the Company for an amount of Rs. 3.16 Crores in favour of Government of India for availing of duty exemption under EPCG scheme for import of Capital Goods for GGFL as mentioned in note no. 12 below.	-	316.18
	(c) Letter of Credit opened by banks on behalf of the Company and subsidiaries	19.00	369.39
	(d) BCL has imported fuel without payment of Customs Duty aggregating to Rs. 59.61 Lakhs (Previous Year Rs. 129.48 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. BCL has contested these notices, including in appeal and is hopeful of success as BCL is not at fault.		
	(e) In respect of BCL demands raised by Excise Department including relating to dispute on weight of cement bags and welding electrodes aggregating to Rs. 75.39 Lakhs (Previous Year Rs.100.78 Lakhs). BCL has filed a writ petition in the Hon'ble High Court in respect of the disputes related to weight of Cement bags. BCL has filed an appeal before the Commissioner (Appeals), Central Excise, in respect of the dispute related to welding electrodes.		
	(f) In respect of BCL demands raised by Sales Tax Department aggregating to Rs. 70.21 Lakhs (Previous year Rs. 70.21 Lakhs) contending that BCL has wrongly adjusted sales tax on account of trade discounts. BCL has filed a writ petition before Hon'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. 25.51 lakhs (Previous year Nil), which are being contested by BCL, including in appeal and is hopeful of success.		
6	Claims not acknowledged as debts: (Excludes contingent liability in respect of certain income tax matters in which amount is presently not ascertainable) (also refer note below)	943.31	963.38

SCHEDULE - 17 (Contd.)

- 7 The investments of the Company in BCL have been stated at cost since the management is of the view that having regard to the long term nature of the investment, enterprise value and the potential of the subsidiary as evidenced by the turn around in the subsequent year, no restatement of the value of its investment in BCL is necessary. The difference between the cost of investments of BIL and the share capital of BCL (to the extent of BIL's shareholding) amounting to Rs. 9743.02 Lakhs (Previous year Rs. 12990.70 Lakhs) has been accounted as goodwill.
- 8 KSEB had demanded penal charges from BZL towards the alleged unauthorized usage of additional load, as per the order of the Dy Chief Engineer, APTS(HO) KSEB. Since the Company had obtained all necessary approvals as stipulated in the conditions of supply of KSEB, the company had filed a writ petition before the Hon'ble High Court of Kerala who have granted stay for the demand and the appeal is pending disposal. Since there is no violation of the conditions by the Company, no provision is considered necessary in the books of account and the disputed demand aggregating to Rs.580.74 lakhs (including Rs.249.02 lakhs for the current year) has been included as claims against the Company under contingent liabilities not provided for.
- 9 KSEB had increased the tariff by 50ps w.e.f 1-10-02. BZL had filed a Special Leave Petition in the Hon'ble Supreme Court of India who had granted stay of the revision as above. During the year, the Hon'ble Supreme Court of India disposed off the Company's appeal by directing the Company to take the matter on appeal before the Central Appellate Tribunal for Electricity, New Delhi, holding that till the disposal of the said appeal, the stay granted by the Hon'ble Court, subject to the deposit of Rs.100 lakhs will continue. The appeal filed by BZL before the Tribunal is pending disposal. The Company had made provision for the increased tariff upto 31-3-04 in prior years aggregating to Rs.885.63 lakhs which is carried forward as a matter of abundant caution. The amount of increased tariff relating to the period from 1-4-04 to 31-3-06 aggregating to Rs.970.19 lakhs including Rs.403.96 lakhs relating to the current year is not provided for and included under contingent liability.
- 10 (a) BCL has accounted for the interest charge on various loans/FITL at a lower rate, as per the RP, resulting into a reduction of interest aggregating to Rs. 1361.21 Lakhs. This reduction in interest has been converted to ZCL by IDBI and a view will be taken by IDBI for waiver of the same on annual review and compliance of terms of the RP to the satisfaction of IDBI. However, BCL has not accounted for the ZCL as it is hopeful of getting the waiver as aforesaid as all the terms and conditions of the restructuring package have been complied with.
- 10 (b) As per the financial restructuring of the loans of the Company, approved by IDBI, IDBI has transferred to BZL Funded Interest Term Loan (FITL) of the Company as on 01.10.2004 amounting to Rs.4,769.83 Lakhs. The simple interest of FITL would carry an interest rate of 2% p.a. payable monthly and compound interest portion of FITL is to be converted into Zero Coupon Loan. Further, as per the said package, a sum of Rs.235.35 lakhs representing the reduction of interest from 01.10.04 to 31.03.05 on FITL was converted into Zero Coupon Loan as on 31.3.05 with the stipulation that the waiver of the said Zero Coupon Loan would be taken up by IDBI based on an annual review and satisfactory compliance of the terms of the restructuring package by the Company and its subsidiaries. Considering the fact that all the terms and conditions of the restructuring package have been complied with, BZL is hopeful of waiver of the said Zero Coupon Loan of Rs.235.35 Lakhs which was therefore not accounted for in the books of account of BZL and is shown under Contingent Liabilities.
- 11 (a) Consequent upon expansion of capacity in 1982-83 of its Zinc division, the Company became entitled to concessional tariff (pre September 1982 tariff) as per notification dt. 06.10.1986 issued by the Government of Kerala for a period of 5 years and the same was confirmed by the concerned authorities as per Government notification. However, relief as per concessional tariff amounting to Rs.538.83 lakhs was not given effect to in the bills. KSEB withdrew the concessional tariff and the Company took up the matter before the Hon'ble High Court of Kerala which is still pending. Against the said Company's affidavit filed on 21.02.97, KSEB/Government of Kerala was required to file a reply Affidavit, which has not been filed till date. In these circumstances and as considerable time has passed, the Company was legally advised that there was a fair chance of success in the case. The difference between the actual amount billed and concessional tariff applicable, not paid by the Company, but included in the liabilities transferred to BZL under the scheme of arrangement amounting to Rs. 538.83 lakhs was considered to be no longer payable and hence was written back in the books of account in the previous year 2003-04. This sum is treated as Contingent Liability.
- 11 (b) From September 1986, KSEB imposed Power Cut in the erstwhile Zinc Division of the Company and was importing power from outside the state. A certain ratio was fixed for tariff purposes i.e. 60:40 (Local power : Imported power) and the tariff was fixed at 0.90ps for imported power. The Company contested the basis of the ratio and the tariff fixed for imported power before the Hon'ble High Court of Kerala. The Hon'ble High Court of Kerala directed the KSEB/Government of Kerala to revise the ratio and tariff. Accordingly, KSEB issued a Notification revising the ratio to 75:25 (Local Power : Imported Power) and the tariff to 0.80 ps for imported power. The above notification was subsequently withdrawn and KSEB increased the tariff from August'88. This was contested in the Hon'ble High Court of Kerala which is still pending. The difference between the actual amount billed and the concessional tariff applicable, not paid by the Company, but included in the liabilities transferred to BZL under the scheme amounting to Rs.278.05 lakhs, is considered to be no longer payable and hence was written back in the books of account of BZL in the previous year. The same is treated as Contingent Liability.
- 12 GGFL has imported machinery by paying Import Duty at the rate of 5% under EPCG scheme in respect of which it has a future export obligation of US\$ 5,264,205 to be completed over a period of 8 years from 18th February, 2003. GGFL has fulfilled total export obligation and DGFT, Ministry of Commerce, Panjim, Goa vide their letter reference no.17/36/021/0085/AM2003/472 dated 31st August, 2005 discharged GGFL from the Export Obligation.

SCHEDULE - 17 (Contd.)

Further, GGFL has imported machinery during the year by paying Import Duty at the rate of 5% under EPCG scheme in respect of which it has a future export obligation of US\$ 267,103 to be completed over a period of 8 years from 5th December, 2005. GGFL has fulfilled the above mentioned export obligation and an application is being filed with DGFT, Ministry of Commerce, Panaji, Goa for the discharge certificate.

BZL has obtained EPCG Licence No. 1030000571/2/11/00 during the year for import of machinery by paying Import Duty at the rate of 5% under EPCG scheme in respect of which GGFL has a future export obligation of US\$ 1,081,595 to be completed over a period of 8 years from 17th May 2005. GGFL has fulfilled the above export obligation and the application is being filed with DGFT, Cochin for getting the discharge certificate.

- 13 BCL 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 is being availed of. BCL has availed of Sales Tax Incentive of Rs. 20266.98 lakhs upto 31st March, 2006. The Sales Tax Department filed a revision petition before the Hon'ble High Court, Jodhpur contesting the order of Rajasthan Tax Board, which allowed BCL to avail 75% sales tax incentive. The 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. 13327.19 lakhs (excluding interest, if any) availed of by BCL till 31st March, 2006 (upto 31st March, 2005 Rs. 10436.13 lakhs)

- 14 In respect of BCL, the Income-tax Department 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 BCL. 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 period.

The CIT cancelled the above order raising the demand of Rs. 862.51 lakhs u/s 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. BCL has filed appeal before the ITAT challenging the order of CIT (Appeals) since the entire assessment order had merged with the orders of Hon'ble CIT (Appeals) and Hon'ble ITAT and no order can be passed for redoing the assessment.

- 15 For the Assessment years 1999-2000 and 2000-2001, the Income Tax Tribunal (ITAT) at Kolkata have allowed the Income Tax Department's appeal and confirmed the chargeability of interest under Sections 234B and 234C of the Income Tax Act, 1961, on Minimum Alternate Tax (MAT) under Section 115 JA of the Income Tax Act, 1961, which was earlier allowed by the Commissioner of Income Tax (Appeal) in favour of the Company. Against the Order of ITAT, Company has filed appeal before the Hon'ble High Court at Calcutta. For Assessment year 2001-2002 also Company has filed appeal before the Hon'ble High Court at Calcutta against the order of ITAT confirming chargeability of interest u/s 234B & 234C on MAT under Section 115 JB of the said Act. Under the circumstances, the disputed demand of Rs. 135.48 lakhs has not been provided.

- 16 The Scheme of Arrangement between BCL 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. 2316.16 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, BCL transferred the aforesaid investment division to DCPL on 29th September, 2005 against which DCPL has allotted 1,39,66,434 Equity Shares of Rs. 10/- each credited as fully paid-up aggregating to Rs. 1396.64 lakhs to the shareholders of BCL based on the option forms received by DCPL from the shareholders. On allotment of the aforesaid shares by DCPL, 1,39,66,434 Equity Shares of Rs.10/- each fully paid-up of BCL held by such shareholders stand cancelled and the paid-up Share Capital of BCL is accordingly reduced to Rs. 20310.13 lakhs divided into 20,31,01,274 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 Banks are awaited. However, the loans of the FI and the Bank have been repaid and there are no outstandings as at the year end.

- 17 (a) In GGFL Capital Work in Progress as on 31.03.2006 of Rs.150.90 Lakhs include Rs.99.52 Lakhs (previous year Rs.99.52 Lakhs) incurred in the earlier years for construction of staff quarters at the factory. Due to financial crisis the management has postponed further expenditure for completion of the staff quarters for next two years.

Based on technical assessment it has been ascertained that the strength of the existing RCC structure of the staff quarters has not been affected, hence the same has not been impaired and stated at cost.

- 17 (b) Loans and Advances include Rs.68.89 Lakhs (Previous year Rs.68.89 Lakhs) being refund receivable from Goa Electricity Board as subsidy towards electricity charges as per the notifications then applicable. The Hon'ble High Court at Goa had scrapped the notification of 1996. The Company along with MRF & Alco filed Special Leave Petition before the Supreme Court, against the judgement given by Hon'ble

SCHEDULE - 17 (Contd.)

High Court at Goa refusing benefit of rebate. Another SLP was filed by the Company challenging the judgement given by the division bench of the Hon'ble High Court declaring the 1996 notification as null and void for being issued without Cabinet's approval. Both the petitions are pending before the Supreme Court. The Supreme Court has also granted stay against the recovery notice served by the Government of Goa for the subsidy already availed by the Company. Under the circumstances, no provision has been made in the accounts of GGFL in this regard.

18 LOANS - SECURED**18.1 BINANI INDUSTRIES LIMITED (BIL)**

The security clause for the loans taken from financial institutions and banks by BIL have been separately set out in the notes to accounts of BIL.

18.2 BINANI CEMENT LIMITED (BCL)**A. Term Loans****I) Financial Institutions****i) Rupee Term Loans / Funded Interest Term Loan (FITL)**

Industrial Development Bank of India (IDBI) – Outstanding Rs. 32371.21 Lakhs (including funded interest loan of Rs. 8125.93 Lakhs).

The above term loans include loans aggregating to Rs. 8476.61 Lakhs, which were transferred from BIL to BCL 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 by (a) a first mortgage and charge created on immovable properties of BCL at Binanigram, Pindwara, Sirohi, in Rajasthan and the erstwhile Zinc Division of BIL at Binanipuram, Kerala, transferred to Binani Zinc Limited (BZL) (a subsidiary of BIL) and of BIL (for term loan of Rs. 8871.00 Lakhs) both present and future and (b) first charge by way of hypothecation on all movables of the Company at Binanigram, Pindwara, Sirohi in Rajasthan and of the erstwhile Zinc Division of BIL at Binanipuram, Kerala, transferred to BZL and BIL (for term loan of Rs. 8871.00 Lakhs) (save and except book debts) including movable machinery, machinery spares, tools and accessories, present and future, subject to charges 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) as detailed in the respective loan agreement(s) / deeds(s) of hypothecation / debenture trust deed(s) executed by BCL and (c) Corporate Guarantee of BIL and Personal Guarantee of a Director of BCL. (d) Pledge of 51% of shareholding held by the Promoters / BIL in BCL (e) Pledge of Non-Convertible Preference Shares of Goa Glass Fibre Limited held by BIL.

ii) Rupee Tied Foreign Currency Loans

IDBI – Outstanding Rs. 4200.31 Lakhs

Secured by (a) a first mortgage and charge created on immovable properties of BCL at Binanigram, Pindwara, Sirohi in Rajasthan and the erstwhile Zinc Division of BIL at Binanipuram, Kerala, transferred to BZL (a subsidiary of BIL), both present and future and (b) first charge by way of hypothecation on all movables of the Company at Binanigram, Pindwara, Sirohi, in Rajasthan and the erstwhile Zinc Division of BIL at Binanipuram, Kerala, transferred to BZL and that of BIL including movable machinery, machinery spares, tools and accessories, present and future, subject to charges 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) as detailed in the respective loan agreement(s)/deed(s) of hypothecation/debenture trust deed(s) executed by the company and (c) Corporate Guarantee of BIL and Personal Guarantee of a Director of BCL.

iii) Industrial Investment Bank of India - RTL - Outstanding NIL (Previous year Rs. 1800.00 Lakhs)

The above term loan was transferred from BIL to BCL with effect from 1st October, 2004 vide letter no. IIBI : WZL : Binani / 77 / 2005 dt. 19th April, 2005 and as agreed in the meeting of the empowered committee under CDR. Formal letter containing the revised terms and conditions was not received by BCL.

Secured/to be secured by (a) a first mortgage and charge on all the immovable properties both present and future pertaining to the erstwhile Zinc Division of BIL at Binanipuram, Kerala, transferred to BZL (a subsidiary of BIL) and (b) a first charge by way of hypothecation of all movable machinery, machinery spares, tools and accessories present and future (except book debts) pertaining to the erstwhile Zinc Division of BIL at Binanipuram, Kerala transferred to BZL, subject to charges on specified movables created/to be created for securing the borrowings for working capital requirements from banks and ranking pari-passu with the mortgages and charges created and/or to be created in favour of Institutions/Banks as detailed in the respective loan agreement(s)/deed(s) of hypothecation/debenture trust deed(s) executed by BIL and (c) a first charge ranking pari-passu on all present and future immovable assets of BCL at Binanigram, Pindwara, Sirohi in Rajasthan.

The outstanding loan has been repaid during the year. BCL is in the process of filing the requisite forms for the satisfaction of the aforesaid charge.

SCHEDULE - 17 (Contd.)

- iv) Industrial Investment Bank of India - FITL -Outstanding NIL (Previous year Rs. 470.81 Lakhs including ZCL of Rs. 9.61 Lakhs)

The above FITL includes Rs. 396.09 Lakhs transferred from BIL with effect from 1st October, 2004 vide letter No. IIBI : WZL : Binani / 77 / 2005 dt. 19th April, 2005 and as agreed in the meeting of the empowered committee under CDR. Formal letter containing the revised terms and conditions was not received by the Company.

Secured/to be secured by (a) a first mortgage and charge on all the immovable properties both present and future pertaining to the erstwhile Zinc Division of BIL at Binanipuram, Kerala, transferred to BZL (a subsidiary of BIL) and (b) a first charge by way of hypothecation of all movable machinery, machinery spares, tools and accessories present and future (except book debts) pertaining to the erstwhile Zinc Division of BIL at Binanipuram, Kerala transferred to BZL, subject to charges on specified movables created/to be created for securing the borrowings for working capital requirements from banks and ranking pari-passu with the mortgages and charges created and/or to be created in favour of Institutions/Banks as detailed in the respective loan agreement(s)/deed(s) of hypothecation/debenture trust deed(s) executed by BIL and (c) a first charge ranking pari-passu on all present and future immovable assets of BCL at Binanigram, Pindwara, Sirohi in Rajasthan.

The outstanding loan has been repaid during the year. BCL is in the process of filing the requisite forms for the satisfaction of the aforesaid charge.

II) Banks

- i) Bank of India - Outstanding Nil (Previous year Rs. 4222.75 lakhs)

Secured/to be secured by (a) a first charge ranking pari-passu with charges created/to be created in favour of Banks/Institutions/Debenture Trustee(s) on all present and future immovable properties of BCL at Binanigram, Pindwara, Sirohi, in Rajasthan and the erstwhile Zinc Division of BIL at Binanipuram, Kerala, transferred to BZL (a subsidiary of BIL), (b) first charge ranking pari-passu with charges created/to be created on all present and future movable properties (other than inventories and book debts) of BCL as detailed in respective loan agreement(s)/deed(s) of hypothecation/debenture trust deed(s) executed by BCL and (c) Corporate Guarantee of BIL.

The outstanding loan has been repaid during the year and aforesaid charge is satisfied.

- ii) Punjab National Bank - Outstanding 25.00 Lakhs

Secured/to be secured by a first pari-passu charge on the Alternate Fuel Feeding System.

III) Others

JP Morgan Securities India Private Limited - Outstanding Rs. 8500.00 lakhs

Secured by a first mortgage and charge created on immovable properties of BCL at Binanigram, Pindwara, Sirohi, in Rajasthan, subject to charges 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) as detailed in the respective loan agreement(s) / deed(s) of hypothecation / debenture trust deed(s) executed by BCL.

B. Debentures

- i) 14% Non Convertible Debentures (14% NCD) - Outstanding Nil (Previous year Rs. 800.00 lakhs)

Secured by (a) a charge created on the movable and immovable properties of BCL located at Binanigram, Pindwara, Sirohi, in Rajasthan and the erstwhile Zinc Division of BIL at Binanipuram, Kerala, transferred to BZL (a subsidiary of BIL), both present and future and plot of land at village Mouj Dhanot, Kalol, Mehsana, Gujarat ranking pari-passu with charges created and/or to be created in favour of Financial Institutions/Banks/Debenture Trustee(s) executed by BCL and (b) Corporate Guarantee of BIL.

The 14% NCD are redeemable in 3 equal yearly instalments commencing from 2nd January, 2005. However, these have since been repaid in full and aforesaid charge is satisfied.

- ii) Debentures Application money - Outstanding Rs. 7000.00 Lakhs

To be secured after issue of debentures on pari passu basis along with the existing Lenders of BCL by way of (a) first charge and mortgage on fixed assets of BCL and BZL (b) Corporate Guarantee of BIL (c) Pledge of 51% equity shares of BCL held by BIL (d) Personal Guarantee of Shri Braj Binani. These Debentures have been issued subsequently.

SCHEDULE - 17 (Contd.)**C Working Capital Demand loans / Cash Credit from Banks :**

Banks - Rs. 1336.00 Lakhs

Secured / to be secured against 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.

D Others - Hire Purchase arrangement

Hire Purchase arrangement - Outstanding Rs. 3.95 Lakhs

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

18.3 BINANI ZINC LIMITED (BZL)**A. Term Loans****I) Financial Institutions**

Funded Interest Term Loan (FITL)

Industrial Development Bank of India (IDBI) - Outstanding Rs. 4822.25 Lakhs

FITL sanctioned to Binani Industries Limited (BIL) consequent to restructuring of debts by IDBI and transferred to BZL is secured/to be secured by (a) first mortgage and charge on all immovable properties of BZL at Binanipuram, Kerala, of Binani Cement Limited situated at Binanigram, Pindwara, Sirohi in Rajasthan and of Binani Industries Limited both present and future and (b) a first charge by way of hypothecation of all movables including movable machinery, machinery spares, tools and accessories, present and future (except book debts) of BZL at Binanipuram, Kerala, subject to charges created/to be created for securing the borrowings for working capital requirements from banks to BZL and ranking pari passu with mortgage and charges created and or to be created in favour of institutions/banks as detailed in the respective loan agreements/deeds of hypothecation/debenture trust deed(s) executed by BZL consequent upon transfer of erstwhile Zinc Division of BIL to BZL (c) Corporate Guarantee of Binani Industries Limited (d) Personal Guarantee of a Director (e) Pledge (pari passu) of 51% of investments of BIL in BZL.

II) Banks**i) IndusInd Bank Limited - Outstanding Rs. 328.57 Lakhs**

The above loan transferred to BZL is secured/to be secured on pari passu basis against hypothecation of Raw Materials, Stock-in-Process, Finished Goods and Book Debts of BZL and also by way of pari passu second charge on the immovable properties of BZL located at Binanipuram, Kerala as detailed in the respective loan agreements/deed(s) of hypothecation/debenture trust deed(s) executed by BIL prior to transfer of their erstwhile Zinc Division to BZL.

ii) The South Indian Bank Limited - Outstanding Rs. 150.00 Lakhs

Corporate Loan sanctioned to BZL has been secured/to be secured by (a) pari passu first charge by way of hypothecation of all moveables including moveable machinery, spares, tools and accessories, goods and book debts of BZL as detailed in the respective loan agreement/deed of hypothecation executed by BZL. (b) Corporate Guarantee of BIL and (c) Personal Guarantee of a director.

iii) Punjab National Bank - Outstanding Rs. 300.00 Lakhs

Corporate Loan from Punjab National Bank to BZL is to be secured by way of hypothecation of Raw Materials to be procured against L/C from Hindustan Zinc Limited and first pari passu charge on fixed assets as detailed in the respective loan agreement/deed of hypothecation executed with the bankers. (b) Corporate Guarantee of BIL and (c) Personal Guarantee of a director.

B. Cash Credits/Working Capital Loans (WCTL)

Working Capital Term Loan - Bank Of India - Outstanding Rs. 646.11 Lakhs

Working Capital Term Loan - Allahabad Bank - Outstanding Rs. 363.00 Lakhs

WCTL sanctioned to BZL is secured/to be secured by way of first charge on the fixed assets of BZL located at Binanipuram, Kerala and rank pari passu with the charges created and/or to be created in favour of Institutions/ Banks as detailed in the respective loan agreements/deeds of hypothecation. (b) Corporate Guarantee of BIL and (c) Personal Guarantee of a director.

SCHEDULE - 17 (Contd.)

Cash Credits - Outstanding Rs. 668.42 Lakhs (Previous year Rs. 0.01 Lakhs)

Cash Credit/Working Capital Loan sanctioned in BIL and transferred to BZL is secured/to be secured against hypothecation of Raw Materials, Stock-in-Process, Finished Goods and Book Debts of BZL and also by way of second charge on the immovable properties of BZL located at Binanipuram, Kerala as detailed in the respective loan agreements/deed(s) of hypothecation/debenture trust deed(s) executed by BZL pursuant to transfer of the Zinc Division of BIL to BZL.

C. Hire Purchase Credit - Outstanding Rs. 17.87 Lakhs

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

18.4 GOA GLASS FIBRE LIMITED (GGFL)**A. Rupee Term Loan:**

SICOM Ltd. - Outstanding NIL (Previous year Rs. 270.00 lakhs)

Secured by (a) First legal mortgage on the entire present and future fixed assets in respect of the leasehold non-agricultural plots of land bearing survey nos. 220/1 (part) and 218/1 to 218/9 at Village Colvale, Taluka Bardez, Goa, (b) a first hypothecation charge on the plant and machinery, machinery spares, tools and accessories, electrical installations, utensils, appliances, furniture and fixtures, fittings, vehicles, movable assets both present and future acquired for the said project, (c) a floating charge on all liquid and other assets and (d) assignment of the goodwill of the business, the uncalled capital and all licenses and registrations ranking pari-passu with the charge created in favour of ICICI Bank Limited, (e) Corporate Guarantee of Binani Industries Limited.

The outstanding loan has been repaid during the year and aforesaid charges have been satisfied.

ICICI Bank Ltd. – Outstanding Rs. 3444.60 Lakhs (including FITL Rs. 498.55 Lakhs).

GGFL has taken over term loans of Binani Industries Limited with effect from 31.03.2005 as per the scheme approved by CDR. The approval from ICICI Bank Limited has been received vide letter dated 09.07.2005.

The above loans are secured by a) a first mortgage and charge of immovable properties of GGFL situated at Village Colvale, Taluka Bardez, Goa both present and future, b) first charge by way of hypothecation of all moveable including moveable machinery, machinery spares, tools and accessories present and future (except book debts) subject to charges 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 as detailed in the respective loan agreements/deed of hypothecation, c) Corporate Guarantee of Binani Industries Limited (BIL) and Personal Guarantee of Mr Braj Binani, Chairman of GGFL and d) pledge of 30% shareholding held by BIL in GGFL.

SREI Infrastructure Finance Limited – Outstanding Rs. 40.00 Lakhs

The term loan is secured by way of exclusive charge by way of hypothecation of the 2.00 MW DG Set of GGFL situated at Village Colvale, Bardez, Goa. The term loan is also secured by a Corporate Guarantee of Binani Cement Limited.

SREI Infrastructure Finance Limited – Outstanding Rs. 95.00 Lakhs

The term loan is secured by way of exclusive charge by way of hypothecation of UPS to be acquired out of the loan along with all machinery spares, tools and accessories related to the UPS both present and future situated at Village Colvale, Bardez, Goa.

B. Cash Credit from Bank

Punjab National Bank - Rs. 546.96 Lakhs

Secured by (a) Present & future stocks of raw materials, work-in-process, finished goods, consumables, stores & spares belonging to GGFL, (b) present & future book debts, outstanding decrees, money receivables, claims, securities, government subsidies, investment, right & other movable assets excluding bills purchased / discounted by bank & bills against which advance has been made which belongs to GGFL.

C. Vehicles acquired on hire purchase - Outstanding Rs 3.90 Lakhs.

Secured by hypothecation of particular vehicles. The property in vehicle to pass on payment of final installment.

SCHEDULE - 17 (Contd.)**18.5 B T COMPOSITES LIMITED (BTCL)****Secured Loans**

Rupee Term Loan received from Industrial Development Bank of India Ltd. (IDBI)/Stressed Assets Stabilisation Fund (SASF) is Rs.1050 Lakhs, Outstanding Rs.1050 Lakhs.

Secured by (a) first mortgage by deposit of title deeds of leasehold plot of land of the Company located at C5 to C9, C12 to C16 at Madkaim Industrial Estate, Taluka Ponda, North Goa and (b) first charge by way of hypothecation of all movable properties of BTCL (save and except book debts) including movable machine, machinery spares, tools & accessories, present & future, subject to charges to be created for securing the borrowing for working capital requirements from banks and (c) Corporate Guarantee of Binani Industries Limited, the holding Company.

IDBI had approved the proposal of restructuring of Rupee Term Loan in the 2001-02. The rate of interest was then reduced to 16% p.a. from 18.58% p.a. The resultant difference in the interest is being deferred and is payable in two equal quarterly instalments commencing from April 1, 2008. Accordingly provision of Rs.80.69 lakhs has been made towards differential interest accrued upto March 31, 2004 and shown as deferred interest under Secured loans. However, no provision for such accrued interest amounting to Rs.27.08 lakhs (Cumulative Rs. 54.16 lakhs) has been made in the accounts with effect from 1-4-2004. The instalments of principal amount are payable in 20 quarterly instalments commencing from April 1, 2003.

Industrial Development Bank of India Ltd. (IDBI) have assigned/transferred the financial assistance granted to BTCL to Stressed Assets Stabilisation Fund (SASF) together with all security and all respective rights in respect thereof vide their letter No.BY/SASF/BTCL/No.027 dated November 9, 2004. BTCL is registered with BIFR as a sick company. No hearings have taken place before the BIFR till date. Further, BTCL has approached SASF for one time settlement of its outstanding dues at Rs.450 Lakhs for which approval is awaited. Accordingly, no interest on this financial assistance amounting to Rs. 261.69 lakhs (Cumulative Rs.496.50 lakhs) has been provided for in the accounts during the year.

- 19 In case of BTCL, during the year, based on the valuation report reference no.SASF/BTCL/GOA/VALUATION/FIXED ASSETS/2005 dtd.26.05.05 of M/s H.C.Goyal & Associates addressed to SASF and as advised by M/s V. B. Doshi & Co., the Statutory Auditors of BTCL vide their letter dtd.16.01.06, BTCL has written off Rs.844.59 lakhs being impairment in the value of the assets which was debited to Profit & Loss Account as an extra ordinary item.

In case of BLL, during the year, based on the valuation report reference no. 2981 dtd. 30.08.05 of M/s Anmol Sekhri & Associates Pvt. Ltd. addressed to BLL and as advised by M/s. V. B. Doshi & Co., Statutory Auditors of BLL vide their letter dtd.16.01.06, BLL has written off Rs.272.37 lakhs being impairment in the value of the building which was debited to Profit & Loss Account as an extra ordinary item.

Based on the valuation report dated 15th January, 2006 of M/s H.C.Goyal & Associates and as advised by Kanu Doshi Associates, Statutory Auditors vide their letter dated 19th January, 2006, the company has written off Rs.389.22 lakhs being impairment in the value of Plant and Machinery of moulding division which was debited to Profit & Loss Account as an extra ordinary item.

		(Rs. Lakhs)	
		For the year ended 31st March 2006	For the year ended 31st March 2005
20	Other Income		
	i) Dividends	0.27	0.53
	ii) Interest from Banks/ Others	79.14	39.84
	iii) Exchange Rate Fluctuation	52.55	-
	iv) Income from 'inadvertant' flow of surplus power to RPPC	120.87	43.17
	v) Profit on sale of Investments	-	1.09
	vi) Others	475.82	438.60
	vii) Liability no longer required	66.96	278.05
	viii) Settlement of old dispute	18.49	-
		814.10	801.28

SCHEDULE - 17 (Contd.)

		(Rs. Lakhs)	
		For the year ended 31st March 2006	For the year ended 31st March 2005
21	Supplementary statutory information :		
	(a) Managerial Remuneration:		
	Salary	114.46	52.40
	Contribution to Provident and other funds	3.21	9.41
	Perquisites *	15.66	13.94
		<u>133.33</u>	<u>75.75</u>
	* Does not include monetary value of non cash perquisites as per Income Tax Act,1961.		
	The amount of previous year includes Rs. 45.95 lakhs refunded by the Chairman & Managing Director being excess remuneration upto 31st December, 2004 paid to him (due to inadequacy of profits). Pending approval of the Central Government the same was kept in Suspense Account. During the year Rs. 35.00 lakhs have been refunded to him as per the approval received from the Central Government and balance of Rs. 10.95 lakhs have been written back and credited to Profit and Loss Account.		
	(b) Auditors Remuneration:		
	Audit Fees (including for previous year Rs. 2 lakhs)	30.99	13.65
	Consolidated Accounts	2.20	2.20
	Tax Audit	1.60	1.32
	Reimbursement of expenses	0.23	-
	Other Services	3.94	1.71
		<u>38.96</u>	<u>18.88</u>
22	Deferred Tax Liability of the Group as on 31.03.2006 comprises of the following:		
		<u>As at 31.03.2006</u>	Rs. Lakhs <u>As at 31.03.2005</u>
	a) Deferred Tax Liability		
	Fixed Assets	10,523.08	10,901.36
	Others	-	-
	Total	<u>10,523.08</u>	<u>10,901.36</u>
	b) Deferred Tax Asset		
	Unabsorbed losses and depreciation	(10,040.47)	(10,398.08)
	Disallowance under Income Tax Act, 1961	(236.36)	(306.03)
	Others	-	-
	Total	<u>(10,276.83)</u>	<u>(10,704.11)</u>
	Provison for Deferred tax (net)	<u>246.25</u>	<u>197.25</u>

SCHEDULE - 17 (Contd.)

23 Segmental Reporting as per Accounting Standard AS - 17 issued by The Institute of Chartered Accountants of India.

(Rs. Lakhs)

	Zinc & by products	Cement	Glass Fibre	Unallocated	Sub Total	Less: Elimination	Total
Segment Revenue (net of Excise Duty)	17932.36	49254.93	6604.69	215.68	74007.66	-	74007.66
	(18428.46)	(44009.20)	(5821.14)	(24.58)	(68283.38)	(-)	(68283.38)
Inter-segment Revenue	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total Revenue	17932.36	49254.93	6604.69	215.68	74007.66	-	74007.66
	(18428.46)	(44009.20)	(5821.14)	(24.58)	(68283.38)	(-)	(68283.38)
Segment Result	618.59	9155.05	(1104.83)	4028.23	12697.04	393.45	12303.59
	(232.99)	(5934.47)	(158.24)	1188.04	(5137.66)	(121.87)	(5015.79)
Interest & Finance Expenses					5898.00	393.45	5504.55
					(9004.44)	(210.56)	(8793.88)
Income Taxes							654.93
							(111.29)
Net Profit/Loss							6144.11
							(3889.38)
Segment Assets	28263.34	88456.69	14683.55	262.56	131666.14	22740.13	108926.01
	(21263.48)	(81757.22)	(15794.19)	(527.45)	(119342.34)	(30835.90)	(88506.44)
Unallocated Assets				11393.65	11393.65	652.40	10741.25
				(15044.33)	(15044.33)	(791.67)	(14252.66)
Total Assets	28263.34	88456.69	14683.55	143059.79	143059.79	23392.53	119667.26
	(21263.48)	(81757.22)	(15794.19)	(15571.78)	(134386.67)	(31627.57)	(102759.10)
Segment Liability	12723.97	9271.22	2774.33	0.91	24770.43	652.40	24118.03
	(8535.44)	(8483.43)	(2821.54)	(0.70)	(19841.11)	(791.67)	(19049.44)
Unallocated Liability				93887.70	93887.70	22740.13	71147.57
				(98406.51)	(98406.51)	(30835.90)	(67570.61)
Total Liabilities	12723.97	9271.22	2774.33	93888.61	118658.13	23392.53	95265.60
	(8535.44)	(8483.43)	(2821.54)	(98407.21)	(118247.62)	(31627.57)	(86620.05)
Capital Expenditure (net)	818.67	10686.32	119.61	(3535.78)	8088.83	-	8088.83
	(694.58)	(2415.87)	(457.61)	886.91	(2681.15)	(-)	(2681.15)
Depreciation & Amortisation	644.21	4290.61	742.58	106.39	5783.79	-	5783.79
	(604.91)	(4200.37)	(951.43)	(117.92)	(5874.63)	(-)	(5874.63)

Statement of Secondary Segmentwise Sales & External Receivables

(Rs. Lakhs)

	Out of India Segment	Within India Segment	Total
Segment Revenue	2490.28	71517.38	74007.66
	(3106.78)	(65176.60)	(68283.38)
Segment Assets	885.75	118781.51	119667.26
	(834.25)	(101924.85)	(102759.10)
Capital Expenditure (net)	-	8088.83	8088.83
	-	(2681.15)	(2681.15)

(Figures in bracket pertain to previous year)

SCHEDULE - 17 (Contd.)

Notes:

(i) Business Segments

The Company has considered "Business Segments" as the "Primary Segment" for disclosures which comprises of Zinc & by Products, Cement and Glass Fibre & its Products

(ii) Geographical Segments

Geographical Segment is the "Secondary Segment" and location of its market i.e., "India" and "Out of India" have been used. Since sales out of India are made to many countries without any significant difference in the value of supplies made to individual countries, these have been aggregated under "Out of India".

(iii) Segment Revenue

Segment Revenue comprises of Sales and related Income that are directly identifiable with the segment.

(iv) Segment Expenses

Directly identifiable with the segment are charged to the respective segment.

(v) Unallocated Corporate expenses

Unallocated Corporate Expenses include expenses of Legal and Secretarial Department and others which are incurred at Corporate Level and which are not amenable to an apportionment between the Business Segments by their very nature.

(vi) All the accounting policies adopted for the segment reporting are in line with those of BIL.

24 Related Party disclosure as per AS 18 issued by The Institute of Chartered Accountants of India

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

Particulars	Rs. Lakhs		Total
	Key Management Personnel	Relatives of Key Personnel Management	
Sale of goods/stores	-	-	-
	(-)	(19.29)	(19.29)
Raw Material /Misc. Purchases	-	125.64	125.64
	(-)	(145.63)	(145.63)
Commission & Handling charges paid	-	-	-
	(0.02)	(-)	(0.02)
Purchase of fixed assets	-	-	-
	(-)	(6.85)	(6.85)
Purchase of Investments	-	-	-
	(0.02)	(32.30)	(32.32)
Payment towards Services received	-	141.60	141.60
	(-)	(173.04)	(173.04)
Interest paid	-	68.64	68.64
	(-)	(68.46)	(68.46)
Rent paid	-	5.40	5.40
	(-)	(7.56)	(7.56)
Rent Received	-	0.01	0.01
	(-)	(0.02)	(0.02)
ICD Received	-	195.00	195.00
	(-)	(176.00)	(176.00)
Loans & Advances			
- from	-	110.00	110.00
	(-)	(470.32)	(470.32)
-Repaid	-	235.00	235.00
	(-)	(16.00)	(16.00)
Balance outstanding as on 31.03.2006 - Due to	-	2478.28	2478.28
	(-)	(1963.28)	(1963.28)

(Figures in bracket pertain to previous year)

SCHEDULE - 17 (Contd.)

Note:

- 1 The remunerations paid to key management personnel have been separately disclosed vide note no. 21(a)
- 2 Names of related parties and description of relationship:
 - a) Key Management Personnel: Mr. Braj Binani, Mr. Sushil Bhatler, Mr. S.S.Khandekar, Mr.S.Padmakumar, Mr. D. Sundararajan, Mr. A. Signapurkar, Mr. George Thomas ,Mr. Ibrahim Ali, Mr. V.Subramanian, Mr. Murali Subramanian and Mr. TRC Nair.
 - b) Transactions with enterprises where Key Management Personnel have got significant influence: (i) Mr. Braj Binani in Triton Trading Co. Pvt. Limited., Binani Metals Limited, Sambhaw Holdings Limited, K. B. Vyapar Pvt. Ltd., Lexus Holding & Finance Private Limited and Miracle Securities Private Limited and (ii) Mr.S.Padmakumar in English Indian Clays Ltd.
25. Previous year's figures have been regrouped / reclassified wherever necessary.

For and on behalf of the Board of Directors

T.R. Chandramohan Nair
Executive Vice President
(Corporate & Legal) & Secretary

Braj Binani
Chairman

M.K. Chattopadhyaya
Senior Vice President
(Corporate) & Chief Financial Officer

Sushil Bhatler
Wholetime Director & Group CEO

Place : Mumbai

Date : 25th April, 2006

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006

	(Rs. Lakhs)	
	For the year ended 31st March 2006	For the year ended 31st March 2005
Cash Flow From Operating Activities		
Net Profit/(Loss) Before Tax	5,755.66	(3,824.49)
Adjustments for:		
Share of Minority Interest	1,043.38	46.40
Depreciation	5,779.37	5,863.57
Interest and Finance Charges	5,504.55	8,793.88
Exchange Fluctuation Unrealised (net)	5.46	(43.76)
Miscellaneous Expenditure Written Off	4.41	9.98
Sundry Balances Written Off	20.11	1.69
Liabilities No Longer Required Written Back	(1,184.03)	(278.05)
Loss/(Profit) on sale/discard of Fixed Assets	354.76	560.03
Impairment in the value of Fixed Assets	1,506.19	-
Capital Work in Progress Written Off	-	883.76
Profit on Sale of Investments	(3,510.38)	(1.09)
Interest and Dividend Income	(139.74)	(40.03)
Operating Profit Before Working Capital Changes	15,139.74	11,971.89
Adjustments for:		
Inventories	(6,372.69)	(2,069.12)
Trade and Other Receivables	(2,041.09)	(790.08)
Trade and Other Payables	3,649.32	5,637.25
Cash Generated from Operations	10,375.28	14,749.94
Direct Taxes Paid (including Fringe Benefit Tax) (net)	(109.37)	(42.30)
A Net Cash from Operating Activities	10,265.91	14,707.64
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(12,254.95)	(4,629.68)
Sale of Fixed Assets	71.18	94.77
Long Term Investments	(0.05)	(5.00)
Sale of Long Term Investments	11,835.59	1,769.55
Interest and Dividend Income Received	63.21	7.53
B Net Cash Used in Investing Activities	(285.02)	(2,762.83)
Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings (including Funded Interest)	17,337.11	4,953.83
Repayment of Term Loan	(14,977.97)	(4,733.87)
Increase in Bank Borrowings (net)	1,770.07	(3,603.98)
Other Borrowings (net)	1,298.57	641.31
Trade deposits	41.20	26.70
Interest and Finance Charges Paid	(6,022.60)	(8,935.15)
C Net Cash from Financing Activities	(553.62)	(11,651.16)
D Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	9,427.27	293.65
E Opening Cash & Cash Equivalents (Cash and Bank Balances) (A+B+C)	1,403.81	1,110.16
F Closing Cash & Cash Equivalents (D+E) (Cash and Bank Balances)	10,831.08	1,403.81

As per our report attached

For and on behalf of the Board of Directors

For KANU DOSHI ASSOCIATES

Chartered Accountants

JAYESH PARMAR

Partner

Membership No: 45375

Place : Mumbai

Date : 25th April, 2006

T.R. Chandramohan Nair

Executive Vice President

(Corporate & Legal) & Secretary

M.K. Chattopadhyaya

Senior Vice President

(Corporate) & Chief Financial Officer

Braj Binani

Chairman

Sushil Bhatler

Wholetime Director & Group CEO

STATEMENT PURSUANT TO SECTION 212 (3) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary Company	Binani Cement Ltd.	Binani Zinc Ltd.	Goa Glass Fibre Ltd.	B.T. Composites Ltd.	Binani Lead Ltd.	Ess Vee Alloys Pvt. Ltd.	RBG Minerals Industries Ltd.	Opticon Consultants Pvt. Ltd.
1	Financial year of the Subsidiary Company ended on	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006
2	Extent of the Holding Company's interest in the Subsidiary	75.00%	100%	100%	100%	100%	100%	100%
	Number of Shares	152,325,956 Equity Shares of Rs.10 each	60,788,138 Equity Shares of Rs.10 each	32,177,389 Equity Shares of Rs.10 each	9,000,000 Equity Shares of Rs.10 each	590,007 Equity Shares of Rs.100 each	100,000 Equity Shares of Rs.10 each	10,000 Equity Shares of Rs.10 each
	% Holding (Equity)	75.00%	89.90%	100%	100%	100%	100%	100%
3	Net aggregate amount of Profits (Losses) of the subsidiary	4,117.59	52.73	46.30	(789.44)	(274.49)	2.71	(0.18)
	Not dealt with in the Accounts of Binani Industries Limited for the Year ended 31st March 2006							
	For the above Financial Year of the subsidiary so far as they concern members of the Company.							
	For previous years of the subsidiary since it became a subsidiary so far as they concern the members of the Company	641.22	237.25	(213.13)	(1,532.82)	(63.26)	(2.67)	-

Rupees Lakhs

For and on behalf of the Board of Directors

T.R. Chandramohan Nair
Executive Vice President
(Corporate & Legal) & Secretary

Braj Binani
Chairman

M.K. Chattopadhyaya
Senior Vice President
(Corporate) & Chief Financial Officer

Sushil Bhattar
Wholetime Director & Group CEO

Place : Mumbai
Date : 25th April, 2006

ABSTRACT OF FINANCIAL STATEMENTS OF BINANI CEMENT LIMITED

BALANCE SHEET AS AT 31ST MARCH 2006

	(Rs. Lakhs)	
	As at 31st March 2006	As at 31st March 2005
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	20,310.38	21,707.02
Reserves and Surplus	5,003.71	1,774.48
	25,314.09	23,481.50
LOAN FUNDS		
Secured Loans	53,436.47	48,785.73
Unsecured Loans	-	990.00
Trade Deposits	1,182.05	1,134.90
TOTAL	79,932.61	74,392.13
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	80,395.29	79,194.69
Depreciation	(30,807.34)	(26,699.18)
Net Block	49,587.95	52,495.51
Capital Work-in-Progress / Under Capitalisation	10,001.55	515.83
INVESTMENTS		
	-	2,316.16
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories	3,355.36	3,359.59
Sundry Debtors	22.91	43.17
Cash and Bank Balances	10,275.87	881.38
Loans and Advances	15,311.24	22,187.03
Assets held for disposal	42.77	31.26
	29,008.15	26,502.43
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities	(6,682.04)	(7,213.42)
Provisions	(1,983.00)	(224.38)
	(8,665.04)	(7,437.80)
NET CURRENT ASSETS TOTAL	20,343.11	19,064.63
	79,932.61	74,392.13

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2006

	(Rs. Lakhs)	
	For the year ended 31st March 2006	For the year ended 31st March 2005
INCOME		
Gross Sales	58,403.47	52,899.74
Less : Excise Duty	9,557.85	9,083.79
Net Sales	48,845.62	43,815.95
Other Income	479.10	193.25
TOTAL	49,324.72	44,009.20
EXPENDITURE		
Raw Materials, Packing Materials and Goods Consumption	7,292.18	6,734.10
Other Manufacturing Expenses	16,099.44	15,107.17
Payment to and Provision for Employees	1,508.73	1,356.04
Selling and Administration Expenses	10,908.92	10,677.05
Interest and Finance Charges	3,417.44	5,234.91
Depreciation and Amortisation of Fixed Assets	4,290.61	4,200.37
TOTAL	43,517.32	43,309.64
Profit Before Tax	5,807.40	699.56
Provision for Tax		
- Current Tax	486.60	54.85
- Fringe Benefit Tax	24.92	-
PROFIT AFTER TAX	5,295.88	644.71
Balance brought forward from Previous Year	1,474.48	829.77
Adjustment on account of transfer of investment division as per scheme of Arrangement	(919.52)	-
Transfer from Debenture Redemption Reserve	300.00	-
Transfer to General Reserve	(133.00)	-
Proposed Arrears of Dividend on 12% Cumulative Redeemable Preference Shares	(1,006.03)	-
Tax on Proposed Dividend	(141.10)	-
BALANCE CARRIED TO BALANCE SHEET	4,870.71	1,474.48
Earning Per Share (Equity Shares, Face value Rs.10/- each)		
Basic and Diluted	2.61	0.30
Number of shares used in computing earning per share		
Basic and Diluted	203,101,274	217,067,708

ABSTRACT OF FINANCIAL STATEMENTS OF BINANI ZINC LIMITED

BALANCE SHEET AS AT 31ST MARCH 2006

	(Rs. Lakhs)	
	As at 31st March 2006	As at 31st March 2005
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	6,761.81	6761.81
Reserves and Surplus	<u>322.56</u>	<u>263.91</u>
	7084.37	7025.72
LOAN FUNDS		
Secured Loans	7309.95	5512.20
Unsecured Loans	875.00	0.00
DEFERRED TAX LIABILITY (NET)	246.25	197.25
TOTAL	<u>15515.57</u>	<u>12735.17</u>
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	19,178.67	18299.86
Less : Depreciation	<u>10,804.91</u>	<u>10164.85</u>
Net Block	8373.76	8135.01
Capital Work-in-Progress	151.97	239.53
INVESTMENTS	181.18	148.06
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories	10,690.98	4505.93
Sundry Debtors	1.52	0.65
Cash and Bank balances	323.24	222.17
Loans and Advances	<u>8,493.29</u>	<u>8017.22</u>
	19,509.03	12745.97
Less: CURRENT LIABILITIES AND PROVISIONS		
Liabilities	12,272.34	8243.04
Provisions	<u>428.03</u>	<u>290.36</u>
	12,700.37	8533.40
NET CURRENT ASSETS	6808.66	4212.57
TOTAL	<u>15515.57</u>	<u>12735.17</u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

	(Rs. Lakhs)	
	For the year ended 31st March 2006	For the year ended 31st March 2005
INCOME		
Sales	20,180.13	20744.49
Less: Excise Duty	<u>2,615.50</u>	<u>2918.52</u>
	17,564.63	17825.97
Other Income	551.04	769.16
TOTAL	<u>18,115.67</u>	<u>18595.13</u>
EXPENDITURE		
Raw Materials and Goods Consumption	11,251.07	10521.27
Other Manufacturing Expenses	3,606.74	4714.66
Payments to and Provision for Employees	1,196.35	1144.45
Selling and Administration Expenses	796.85	1285.32
Interest and Finance Charges	492.98	224.63
Depreciation	<u>643.53</u>	<u>604.36</u>
TOTAL	<u>17,987.52</u>	<u>18494.69</u>
Profit Before Taxation	128.15	100.44
Less: Provision for Taxation :-		
- Current Tax	10.00	8.42
- Deferred Tax	49.00	39.00
- Fringe Benefit Tax	<u>10.50</u>	<u>-</u>
	69.50	47.42
PROFIT AFTER TAX	58.65	53.02
Balance profit brought forward from last year	263.91	210.89
BALANCE CARRIED TO BALANCE SHEET	<u>322.56</u>	<u>263.91</u>
Earnings per share (Equity Share, Face value Rs.10/- each)		
Basic & Diluted (Rs.)	0.09	0.08
Number of shares used in computing earnings per share		
Basic & Diluted	67,618,082	67,618,082

ABSTRACT OF FINANCIAL STATEMENTS OF GOA GLASS FIBRE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2006

	(Rs. Lakhs)		(Rs. Lakhs)	
	As at	As at	As at	As at
	31st March 2006	31st March 2005	31st March 2006	31st March 2005
SOURCES OF FUNDS				
SHARE HOLDERS' FUND				
Share Capital	7,417.74	7,417.74		
Reserve and Surplus	25.00	25.00	7,442.74	7,442.74
LOAN FUNDS				
Secured Loans	4,151.33	3,872.03		
Unsecured Loans	420.00	480.00	4,571.33	4,352.03
DEFERRED PAYMENT LIABILITY				17.48
DEFERRED TAX LIABILITY (NET)				-
TOTAL	12,014.07	11,812.25		
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	13,780.67	13,608.43		
Depreciation	6,175.85	5,605.17		
Net Block			7,604.82	8,003.26
Capital work-in-progress	149.62	208.97		
CURRENT ASSETS				
LOANS & ADVANCES				
Inventories	1,689.82	1,457.22		
Sundry Debtors	889.40	821.70		
Cash and Bank Balances	126.13	143.39		
Loans and advances	3,427.15	2,915.11		
	6,132.50	5,337.42		
CURRENT LIABILITIES & PROVISIONS				
Current liabilities	(1,989.09)	(1,790.60)		
Provisions	(44.12)	(39.27)		
	(2,033.21)	(1,829.87)		
NET CURRENT ASSETS	4,099.29	3,507.55		
LIABILITY FOR CAPITAL PROJECTS	(6.49)	(120.66)		
PROFIT AND LOSS ACCOUNT	166.83	213.13		
TOTAL	12,014.07	11,812.25		

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

	(Rs. Lakhs)	
	For the year ended	For the year ended
	31st March 2006	31st March 2005
INCOME		
Gross Sales and Related Income	7,127.16	5,960.66
Less: Excise Duty	657.50	422.57
Net Sales and Related Income	6,469.66	5,538.09
Other Income	52.43	23.46
TOTAL	6,522.09	5,561.55
EXPENDITURE		
Raw Material, Chemical, Packing Material and Goods Consumption	1,865.69	1,146.23
Other Manufacturing Expenses	2,477.80	2,146.12
Payments to and Provision for Employees	565.53	440.15
Selling and Administration Expenses	777.96	602.42
Interest and Financial Charges	138.04	239.38
Depreciation	640.50	849.82
TOTAL	6,465.52	5,424.12
Profit before Taxation	56.57	137.43
Less : Provision for Taxation		
— Current (MAT)	4.26	10.78
— Deferred (Net)	-	-
— Fringe Benefit Tax	6.01	-
Profit for the year	46.30	126.65
Balance Loss brought from previous year	(213.13)	(339.78)
BALANCE CARRIED OVER TO BALANCE SHEET	(166.83)	(213.13)
Earnings Per Share (Equity Shares, Face Value Rs 10/- each)		
Basic	0.18	0.43
Diluted	0.18	0.43
Number of shares used in computing Earnings Per Share		
Basic	32,177,389	32,177,389
Diluted	32,177,389	32,177,389

ABSTRACT OF FINANCIAL STATEMENTS OF B T COMPOSITES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2006

	(Rupees)	
	As at 31st March 2006	As at 31st March 2005
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	95,000,000	95,000,000
LOANS FUNDS		
Secured Loans	131,591,743	131,591,743
Unsecured Loans	<u>65,240,056</u>	<u>79,167,194</u>
	196,831,799	210,758,937
TOTAL :	<u>291,831,799</u>	<u>305,758,937</u>
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	181,259,980	180,588,362
Depreciation	<u>142,210,328</u>	<u>47,984,502</u>
Net Block	39,049,652	132,603,860
Capital Work-in-Progress	5,000,000	5,000,000
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories	11,345,483	8,762,465
Sundry Debtors	2,982,836	3,814,100
Cash & Bank Balances	2,046,742	798,308
Loans and Advances	<u>7,523,260</u>	<u>5,533,148</u>
	23,898,322	18,908,021
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities	(7,918,190)	(4,204,566)
Provisions	<u>(423,760)</u>	<u>(272,558)</u>
	(8,341,950)	(4,477,124)
NET CURRENT ASSETS	15,556,372	14,430,896
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	-	442,009
PROFIT & LOSS ACCOUNT	232,225,775	153,282,172
TOTAL	<u>291,831,799</u>	<u>305,758,937</u>

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2006

	(Rupees)	
	For the year ended 31st March 2006	For the year ended 31st March 2005
INCOME		
Gross Sales	9,159,192	9,566,546
Less: Excise Duty	<u>792,016</u>	<u>772,369</u>
Net Sales	8,367,176	8,794,177
Other Income	185,269	58,349
TOTAL	<u>8,552,445</u>	<u>8,852,526</u>
EXPENDITURE		
Raw Materials and Goods Consumption	7,913,313	8,734,305
Other Manufacturing Expenses	3,006,930	2,864,457
Payment to and Provision for Employees	3,878,158	3,541,402
Selling and Administration Expenses	5,305,785	4,003,789
Interest and Financial Charges	209,038	31,572
Depreciation	9,766,586	9,277,577
Amortisation of Miscellaneous Expenses	442,008	884,009
TOTAL	<u>30,521,819</u>	<u>29,337,111</u>
Loss before Tax and Extra Ordinary Items	(21,969,374)	(20,484,585)
Extra Ordinary Item		
Write off of Fixed Assets on Impairment	(84,459,239)	-
Waiver of loan by the Holding Company	27,604,945	-
Loss before Tax and after Extra Ordinary Items	(78,823,668)	(20,484,585)
Provision for Tax - Fringe Benefit Tax	(119,935)	-
Profit/ Loss after Tax	(78,943,603)	(20,484,585)
Loss brought forward from last year	(153,282,172)	(132,797,588)
BALANCE CARRIED TO BALANCE SHEET	<u>(232,225,775)</u>	<u>(153,282,172)</u>
Earnings Per Share (Equity Shares, Face value Rs. 10/- each)		
Basic & Diluted	(8.77)	(2.28)
Number of shares used in computing earnings per share		
Basic & Diluted	9,000,000	9,000,000

ABSTRACT OF FINANCIAL STATEMENTS OF BINANI LEAD LIMITED

BALANCE SHEET AS AT 31ST MARCH 2006

	As at 31st March 2006	(Rupees) As at 31st March 2005
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	59,000,700	59,000,700
LOAN FUNDS		
Unsecured Loans	1,000,000	-
TOTAL	<u>60,000,700</u>	<u>59,000,700</u>
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	51,339,645	51,177,068
Less: Depreciation	27,236,601	-
Net block	24,103,044	51,177,068
INVESTMENTS	1,002,000	1,002,000
CURRENT ASSETS, LOANS AND ADVANCES		
Cash and Bank balances	686,359	105,370
Loans and Advances	525,607	460,540
	<u>1,211,966</u>	<u>565,910</u>
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities	91,333	70,455
	<u>91,333</u>	<u>70,455</u>
NET CURRENT ASSETS	1,120,633	495,455
PRELIMINARY EXPENDITURE (to the extent not written off or adjusted)	-	-
PROFIT & LOSS ACCOUNT	33,775,023	6,326,177
TOTAL	<u>60,000,700</u>	<u>59,000,700</u>

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2006

	For the year ended 31st March 2006	(Rupees) For the year ended 31st March 2005
OTHER INCOME		
Dividend	26,720	43,420
Others	497,800	500
TOTAL	<u>524,520</u>	<u>43,920</u>
EXPENDITURE		
Operating, Administration & Other Expenses	736,765	71,056
Preliminary Expenditure Written Off	-	221,860
	<u>736,765</u>	<u>292,916</u>
LOSS	(212,245)	(248,996)
Capital Work-in Progress, (Pre-operative Expenditure pending allocation written off)	-	(1,458,184)
LOSS BEFORE EXTRA ORDINARY ITEM	(212,245)	(1,707,180)
Building written off on Impairment	(27,236,601)	-
LOSS AFTER EXTRA ORDINARY ITEM BUT BEFORE TAX	(27,448,846)	(1,707,180)
Provision for Taxation	-	10,394
Add: Excess provision for tax for earlier year	-	-
LOSS FOR THE YEAR	(27,448,846)	(1,696,786)
Balance brought down from last Balance sheet	(6,326,177)	(4,629,391)
BALANCE TRANSFERRED TO THE BALANCE SHEET	<u>(33,775,023)</u>	<u>(6,326,177)</u>
EARNING PER SHARE		
Weighted average no. of shares outstanding during the year	590,007	590,007
Earning per share	(46.52)	(2.88)

ABSTRACT OF FINANCIAL STATEMENTS OF ESS VEE ALLOYS PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2006

	As at 31st March 2006	(Rupees) As at 31st March 2005
SOURCES OF FUNDS		
SHARE HOLDERS FUNDS :		
Share Capital	1,000,000	1,000,000
RESERVES & SURPLUS	4,233	-
LOAN FUNDS		
Unsecured Loan	4,562,527	4,102,565
	<u>4,562,527</u>	<u>4,102,565</u>
TOTAL	<u>5,566,760</u>	<u>5,102,565</u>
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	2,418,575	2,351,279
Depreciation	(189,882)	(122,043)
Net Block	2,228,693	2,229,236
CURRENT ASSETS LOANS & ADVANCES		
Inventories	4,358,039	1,004,819
Sundry Debtors	1,493,275	1,105,086
Cash & Bank Balances	421,457	615,812
Loans & Advances	1,978,578	817,137
	<u>8,251,350</u>	<u>3,542,854</u>
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities	4,893,399	972,940
Provisions	24,700	-
	<u>4,918,099</u>	<u>972,940</u>
NET CURRENT ASSETS	3,333,251	2,569,914
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	4,816	6,420
PROFIT AND LOSS ACCOUNT	-	296,995
TOTAL	<u>5,566,760</u>	<u>5,102,565</u>

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2006

	For the year ended 31st March 2006	(Rupees) For the year ended 31st March 2005
INCOME		
Gross Sales	24,976,786	6,081,101
Less : Excise Duty	3,504,311	817,286
Net Sales	21,472,475	5,263,815
Other Income	104,315	6,371
TOTAL	<u>21,576,790</u>	<u>5,270,186</u>
EXPENDITURE		
Raw Materials, Packing Materials And Goods Consumption	19,862,111	4,780,686
Power, Fuel, Stores & Repairs	378,069	277,233
Payments And Provision For Employees	334,466	236,744
Selling & Administration Expenses	610,590	695,118
Depreciation & Amortisation	67,839	55,612
TOTAL	<u>21,253,075</u>	<u>6,045,393</u>
PROFIT/(LOSS) BEFORE TAXATION	323,715	(775,207)
Provision For Taxation	(17,000)	-
Deferred Tax Assets (Net)	-	-
Income Tax Of Earlier Years Written Back	2,213	-
Provision For Fringe Benefit Tax	(7,700)	-
	<u>(22,487)</u>	<u>-</u>
PROFIT/(LOSS) AFTER TAXATION	301,228	(775,207)
Balance Profit Brought Forward From Last Year	(296,995)	478,212
BALANCE CARRIED TO BALANCE SHEET	<u>4,233</u>	<u>(296,995)</u>

**ABSTRACT OF FINANCIAL STATEMENTS OF R. B. G. MINERALS INDUSTRIES LIMITED
BALANCE SHEET AS AT 31ST MARCH 2006**

(Rupees)

	As at 31st March 2006	As at 31st March 2005
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	5,400,000	5,400,000
Share Application Money	9,225,018	6,067,916
	<u>14,625,018</u>	<u>11,467,916</u>
LOAN FUNDS		
Secured Loans	-	-
Unsecured Loans	-	-
DEFERRED TAX LIABILITIES		
	-	-
TOTAL	<u>14,625,018</u>	<u>11,467,916</u>
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	925,350	925,350
Less: Depreciation	555,907	437,032
Net Block	<u>369,443</u>	<u>488,318</u>
PREOPERATIVE EXPENDITURE (Pending Allocation)	12,273,705	9,581,574
INVESTMENTS	-	-
CURRENT ASSETS, LOANS AND ADVANCES		
Cash and Bank Balances	1,460,805	862,350
Loans and Advances	507,400	506,400
	<u>1,968,205</u>	<u>1,368,750</u>
LESS:		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities	7,550	3,306
Provisions	86,565	75,200
	<u>94,115</u>	<u>78,506</u>
NET CURRENT ASSETS	1,874,090	1,290,244
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	107,780	107,780
TOTAL	<u>14,625,018</u>	<u>11,467,916</u>

ABSTRACT OF FINANCIAL STATEMENTS OF OPTICON CONSULTANTS PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2006

	As at 31st March 2006	(Rupees) As at 31st March 2005
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	100,000	100,000
Reserve and Surplus	-	20,715
	<u>100,000</u>	<u>120,715</u>
LOAN FUNDS		
Unsecured Loans (from Holding Company)	50,000	-
TOTAL	<u>150,000</u>	<u>120,715</u>
APPLICATION OF FUNDS		
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories	-	14,688
Cash & Bank Balances	129,978	103,170
Loans and Advances	2,806	2,806
	<u>132,784</u>	<u>120,664</u>
LESS:		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities	4,448	2,756
	<u>4,448</u>	<u>2,756</u>
NET CURRENT ASSETS	128,336	117,908
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	1,406	2,807
PROFIT AND LOSS ACCOUNT	20,258	-
TOTAL	<u>150,000</u>	<u>120,715</u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

	For the year ended 31st March 2006	(Rupees) For the year ended 31st March 2005
INCOME		
Gross Sales	9,003	85,555
Less: Excise Duty	-	-
Net Sales	<u>9,003</u>	<u>85,555</u>
EXPENDITURE		
(Increase) / Decrease in Stock	14,688	-
Purchases	2,370	64,600
Selling and Administration Expenses	30,922	12,644
Interest and Financial Charges	595	370
Amortisation of Miscellaneous Expenditure	1,401	1,401
TOTAL	<u>49,976</u>	<u>79,015</u>
Profit / (Loss) for the year	(40,973)	6,540
Less: Provision for Taxation	-	513
Add: Prior Period Adjustment	-	23
Balance Brought forward	20,715	14,665
BALANCE CARRIED TO BALANCE SHEET	<u>(20,258)</u>	<u>20,715</u>
Weighted average no. of shares outstanding during the year	10,000	10,000
Earning per share	(4.10)	0.71

Binani

Binani Industries Limited

Registered Office: 706, Om Tower, 32, Chowringhee Road, Kolkata - 700071

PROXY FORM

I/We _____
of _____ in the district of _____
being a Member/Members of **BINANI INDUSTRIES LIMITED** hereby appoint

of _____ in the district of _____ or failing him

of _____
in the district of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the
FORTY THIRD ANNUAL GENERAL MEETING of the Company to be held at
9.30 a.m. on Wednesday, the 5th July, 2006 and at any adjournment thereof.

Signed this _____ day of _____ 2006

Signature(s) of
the Member(s)

Affix
Revenue
Stamp

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.

Binani

Binani Industries Limited

Registered Office: 706, Om Tower, 32, Chowringhee Road, Kolkata - 700071

ATTENDANCE SLIP

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

I hereby record my presence at the **FORTY THIRD ANNUAL GENERAL MEETING** at "Kalamandir", 48, Shakespeare Sarani, Kolkata on Wednesday, the 5th July, 2006.

Name of the Member _____

No. of Shares held _____

Folio No. _____

DP ID* _____ Client Id* _____

Name of Proxy/Representative (in Block Letter) (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.