

**BOARD OF DIRECTORS**

Mr. Braj Binani- Chairman  
 Mr. Ibrahim Ali  
 Mr. S. Padmakumar  
 Mr. V.Subramanian  
 Mr. Roy Kurian K.K. – Wholetime Director  
 Mr. T. R. C. Nair – w.e.f July 27,2007  
 Mr. Sushil Bhatther – upto March 05, 2008

**SENIOR EXECUTIVES**

Dr. K.Sasi – Sr.Vice President (Operations &R&D)  
 Mr. Roshan K. – Vice President (Marketing)  
 Mr. Ashok Nicholas – Vice President (Engineering)  
 Mr. P.B. Sasidharan Pillai - Asstt. Vice President (Finance)  
 Mr. A.A.M. Nawaz – Asstt.Vice President (Elect.& Instrn.)

**CHIEF FINANCIAL OFFICER**

Mr. M. K. Chattopadhyaya

**COMPANY SECRETARY**

Ms. Visalakshi Sridhar

**AUDITORS**

Varma & Varma, Kochi

**BANKERS**

Punjab National Bank  
 Oriental Bank of Commerce

**AUDIT COMMITTEE**

Mr. S. Padmakumar  
 Mr. V.Subramanian  
 Mr. T. R. C. Nair w.e.f. 21<sup>st</sup> April,2008  
 Mr. Sushil Bhatther – upto March 05, 2008

**ADVISOR**

Mr. Mohan Kumar R.

**SUBSIDIARIES**

Ess Vee Alloys Private Limited  
 Mercantile Chambers,  
 12 J.N. Heredia Marg, Ballard Estate,  
 Mumbai – 400 001

R.B.G. Minerals Industries Limited  
 10E, Old Fatehpura,  
 Udaipur 313 004 (Raj.)

Binani Energy Private Limited  
 Mercantile Chambers,  
 12 J.N. Heredia Marg, Ballard Estate,  
 Mumbai – 400 001

**LOCATIONS**

**REGISTERED OFFICE:**

706, Om Tower, 32, Chowringhee Road,  
 Kolkata – 700071.

**CORPORATE OFFICE:**

Mercantile Chambers  
 12, J.N. Heredia Marg  
 Ballard Estate, Mumbai 400001

**MUMBAI OFFICE:**

Feltham House, 10, J.N. Heredia Marg  
 Ballard Estate, Mumbai-400001

**WORKS**

Binani Zinc, Binanipuram,  
 Ernakulam ,  
 Kerala – 683502  
 E-mail : zinc@binanizinc.co.in  
 Phone : (0484) 2540274/175/276-278  
 Fax : (0484) 2532134

**CONTENTS**

**Page No.**

Notice for 8 <sup>th</sup> AGM .....	2 - 5
Director's Report .....	6 - 9
Auditors' Report .....	2 - 5
Balance Sheet, Profit & Loss Account & Schedules.....	2 - 5
Cash Flow Statement & Part IV.....	2 - 5
Statement pursuant to Section 212.....	2 - 5
<b><u>Annual Accounts of Subsidiaries:</u></b>	
Ess Vee Alloys Pvt. Ltd. ....	2 - 5
R.B.G.Minerals Industries Ltd.....	2 - 5
Binani Energy Private Limited .....	2 - 5
Proxy & Attendance Slip.....	2 - 5

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the 8th Annual General Meeting of the Company will be held on Monday the 23rd June, 2008 at 10.30 a.m or immediately after the conclusion of the 45th Annual General Meeting of Binani Industries Limited if meeting concludes after 10.30 a.m. **at Kala Mandir, 48, Shakespeare Sararni, Kolkata – 700 017 on Monday the 23rd June, 2008 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, 2008
2. To appoint a Director in place of Mr. Ibrahim Ali, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. Padmakumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS****5. 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 Section 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. Roy Kurian K. K. as the Wholetime Director of the Company designated as President of the Company with effect from 1st January, 2008 for a period of 5 years on the revised terms and conditions including remuneration and perquisites as set out in the agreement entered into between the Company and Mr. Roy Kurian K.K. (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. Roy Kurian K.K. 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. Roy Kurian K. K. be paid the same remuneration as minimum remuneration for a maximum period of 3 years.

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

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

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

“RESOLVED THAT Pursuant to Section 309 and all other applicable provisions of the Companies Act, 1956 and approval be and is hereby accorded for the payment of commission to the Directors of the Company other than Managing Director/s and Wholetime Director/s, for a period of 5 financial years of the Company commencing from the financial year 1st April, 2008, in accordance with and upto the limits prescribed under the provisions of Section 309(4) of the Companies Act, 1956, computed in the manner laid down in Section 198(1) of the Companies Act, 1956 from 1st April 2008 in the manner and extent as may be approved by the Chairman and/or the Board of Directors from time to time.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Chairman and/or Board of Directors be and are hereby authorized to take all actions and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

**By Order of the Board of Directors  
for Binani Zinc Limited**

**Place : Mumbai.  
Dated : 21st April 2008**

**Visalakshi Sridhar  
Company Secretary**

**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 18th June, 2008 to Monday the 23rd June, 2008 (Both Days inclusive.)
4. The documents required under the law to be annexed hereto will be available for inspection during working hours at the Registered Office of the Company on any working day prior to the date of the Annual General Meeting.
5. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item no. 5, 6 and 7 of the notice read with Department of Company Affairs, Notification F.no. 5/48/2001 -CL.v published in the Gazette of India Extra Ordinary Part-II, Section 3, sub Section (i) dated 16.1.02 in respect of item No.5 as set above is annexed hereto.

6. Members who are holding shares in identical names under different ledger folios are requested to apply for consolidation for such folios and send the relevant equity share certificates to M/s Intime Spectrum Registry Limited.
7. The Company had forwarded physical share certificates to all shareholders including those who were holding shares in Dematerialized mode in Binani Industries Limited, the holding Company. Those shareholders who have not received the Company's Share certificates are requested to contact Intime Spectrum Registry Limited immediately. The Contact nos. are as under :

**M/s Intime Spectrum Registry Limited**

Unit : Binani Zinc Limited  
 C-13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400078.  
 Tel. No. 022-25963838 Extn 2315 Fax : 022-25946969.  
 Contact Person :- Mr. Rajesh Mishra  
 E.mail : rajesh.mishra@intimespectrum.com

8. Members are requested to note that the equity shares of the Company are eligible for Dematerialisation with both NSDL and CDSL and the ISIN No. is INE310H01010. However the shareholders shall not be able to sell the shares after they are Dematted till the Equity Shares are listed. The Shares of the company have not been listed so far.
9. 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:  
 In respect of shares held in demat mode form change of address if any, should be notified to the concerned depository participant (d-P) only.

**ANNEXURE TO NOTICE**

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 5 of the notice read with Department of Company Affairs Notification F.No. 5/48/2001-CL (v) published in the Gazette of India, Extraordinary Part – II, Section -3, sub section (i) dated 19.1.2002**

**Applicable to Item No.5**

Mr. Roy Kurian K.K. was appointed as Wholetime Director at the Shareholders Meeting held on 2nd July, 2007 with effect from 1st January, 2007 for a period of 5 years upto 31st December, 2011. Mr. Roy Kurian K.K. was appointed at a Remuneration consisting of Basic Pay of Rs. 1 lakh p.m. plus perquisites.

The Remuneration Committee felt that the salary of Mr. Roy Kurian K. K. has to be restructured substantially in line with the general restructuring of Salary and perquisites. Accordingly, Mr. Roy Kurian K.K's remuneration was revised to Rs.1.5 lakh p.m. plus perquisites. Consequently he resigned as Wholetime Director on 31st December, 2007 and was appointed as Wholetime Director on revised terms w.e.f 1st January, 2008 for a period of 5 years upto 31st December, 2012.

It was also proposed that even in the absence or inadequacy of profits it is proposed to pay him the same remuneration as approved subject to necessary approvals including Central.Govt. The Department of Company Affairs liberalized the remuneration package vide notification F.No. 5/48/2001-CL(v) and had amended Schedule XIII whereby it has become mandatory for companies to pass a Special Resolution for payment of remuneration as per effective capital and for payment of minimum remuneration even in the absence or inadequacy of profits. Accordingly the special resolution as set out in Item No. 5 of the notice is proposed.(Please see page no.5)

The Information and particulars needed to be provided to the shareholders are given below :

**I. GENERAL INFORMATION**

**a) Nature of Industry :**

Non Ferrous Metals. The Company is engaged in the manufacture of Zinc and its by products Cadmium and Sulphuric Acid.

**b) Expected date of Commencement of Commercial Production :**

Production commenced on 22nd April 1967. The unit was part of Binani Industries Limited and was hived off to the Company pursuant to a Scheme of Arrangement approved by the Hon'ble High Court, Kolkata with effect from 1.04.2002.

**c) In case of new company expected date of commencement of activities as per project appraised by Financial Institutions appearing in the prospectus : Not Applicable.**

**d) Financial Performance based on given indicators:**

Broadly the Financial Performance as at 31.03.2008 is as given below :

	Rs. Lakhs
Gross Sales	51,437
Interest and Financial Charges	1,277
Depreciation	694
Profit Before Tax	620
Profit after Tax	328

**e) Export Performance and Net Foreign Exchange Collaborations :**

The Company exported 1,735T of Zinc metal during the year 2007-08 and also earned profits from hedging activities. The Company does not have any foreign collaborations at present. The position regarding Foreign Exchange Earnings and Outgo for the year 2007-08 is given below :

	Rs. Lakhs
<b>Foreign Exchange Earnings</b>	3755.45
<b>Foreign Exchange outgo</b>	
- Interest	Nil
- Professional fees	44.37
- Others	27.24
- Value of Imports on CIF basis	
- Raw Materials	20551.26
- Stores and Spare parts of Machinery	385.90
- Capital Goods	85.96

**f) Foreign Investments or Collaborators, if any :**

The Company has not made any Foreign Investments. Further there is no foreign investment in the company except for shares held by NRIs, OCBs and FIIs.

**II. INFORMATION ABOUT THE APPOINTEES****Mr. ROY KURIAN K.K. ( ITEM NO. 5 OF NOTICE )****1. Background Details :**

Mr. Roy Kurian K.K., B.Tech, Chemical Engineer from Government Engineering College, Trichur, Kerala and MBA from School of Management Studies, Cochin, aged 48 years was appointed as the Wholetime Director for a period of 5 years with effect from 1st April 2006. At the Meeting of the Board of Directors held on 31st January 2007 he was reappointed on revised terms for a period of 5 years from 1st June 2007. Prior to his appointment as Wholetime Director of the Company, he was working with Binani Zinc Limited as Vice President ( Projects & Operations). Mr. Roy Kurian K.K. had been involved with the erstwhile Zinc Division of Binani Industries Limited in various capacities since 1994. During his tenure with the erstwhile zinc division of Binani Industries Limited he has also involved in the successful implementation of expansion of Zinc capacity of Zinc Smelter from 20000 TPA to 30000 TPA alongwith modernization of the Zinc Smelter incorporating the latest state of the art technology for the manufacture of Zinc Metal and further increasing capacity from 30,000 TPA to 38,000 TPA and setting up of the zinc alloy manufacturing facility at Binanipuram, Cochin. Mr. Roy Kurian K.K. is presently designated as Whole Time Director designated as President. He has worked earlier as Plant Manager with FACT Limited for their Petrochemical Division.

**2. Past Remuneration :** Mr. Roy Kurian was appointed as Whole Time Director w.e.f. January 01, 2007 for a period of 5 years at a remuneration consisting of Basic Pay of Rs. 1 lakh p.m plus a special allowance of Rs.5000 plus perquisites. Prior to that he was in receipt of a basic pay of Rs. 85,000 and perquisites as applicable to the grade.

**3. Recognition or Awards :** Not Applicable.

**4. Job Profile and his suitability :**

Mr. Roy Kurian K.K. has been associated with the erstwhile Zinc Division of Binani Industries Limited which has been transferred to the Company since 1994 and his area of specialization is Project Management. He is presently the Whole Time Director designated as President of the Company. Taking into account his considerable experience in the Zinc plant, professional qualifications and technical competence, general restructuring of remuneration to make it comparable with the prevailing market rate, it is in the best interest of the Company that he be retained in service as Whole Time Director designated as President and hence the payment as proposed is justified.

**5. Remuneration Proposed.**

Remuneration including perquisites :

Period of Appointment : 5 years with effect from 1st January 2008.

**Basic Salary :**

Rs.1,50,000 (Rupees One Lakh and fifty thousand Only) per month.

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

**Perquisites:****Category – A**

1. Housing : Family Accommodation in Company quarters in Binani Zinc Colony.
2. Medical Reimbursement : 10% of the basic pay or such sum as applicable to M-O grade of the Company from time to time.
3. Medical and Group Insurance : As per rules as applicable to M-O grade of the Company from time to time.
4. Leave Travel Concession : One Month's Basic Salary.

**Category – B**

1. Provident Fund : 12%

2. Gratuity : As per Gratuity Act subject to rules framed in this regard by the Company.
3. Leave with full salary as per Rules of the Company. The Leave accumulated but not availed may be encashed as per the rules of the Company from time to time

**Category – C**

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

Other Terms : Income Tax, if any, on or in respect of the aforesaid remuneration and perquisites shall be borne and paid by Mr. Roy Kurian K.K.

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

**6. Comparative Remuneration profile with respect to industry, size of the Company, Profile of the position and person :**

Mr. Roy Kurian K.K. is presently Wholetime Director designated as President. He has more than 26 years experience in the functional areas of Engineering, Operations Management and Project Management. He is handling projects and operations and has been associated with the erstwhile Zinc Division of Binani Industries Limited since 1994. The Zinc Division was transferred to the Company pursuant to the scheme of arrangement with effect from 1st April 2002. Considering his experience and responsibilities given for handling different projects, the remuneration proposed to be paid is comparable with the prevailing market rate. If the remuneration proposed is not paid the Company may find difficult to find such an experienced technocrat. Under the circumstances, the Company is seeking your approval to pay the same remuneration as minimum remuneration even in the event of the profits being inadequate or if the Company incurs losses during his tenure as Wholetime Director designated as President.

**7. Pecuniary Relationship directly or indirectly with the Company or relationship with the Managerial Personnel, if any :**

Mr. Roy Kurian K.K. is not in receipt of any Salary, Perquisites or Remuneration from any Company other than Binani Zinc Limited.

**III OTHER INFORMATION :- NIL**

Your Directors recommend the passing of the special resolution.

None of the Directors is concerned or interested in the resolution except Mr. Roy Kurian K.K.

**Applicable to Item No.6**

Mr. T. R. C. Nair was appointed as Additional Director of the Company w.e.f. July 27, 2007 pursuant to Section 260 of the Companies Act 1956 read with Article 89 of the Articles of Association of the Company and he would hold office upto the date of this Annual General Meeting. The Company has received notice from a member of the Company alongwith a deposit of Rs.500/- proposing the candidature of Mr. T. R. C. Nair as Director of the Company as required under the Companies Act, 1956.

Your Directors recommend in passing of the resolution.

None of the Directors is in any way concerned or interested in this resolution except Mr. T. R. C. Nair to the extent of his appointment.

**Applicable to Item No.7**

The Chairman and non Executive Directors are now required to devote more time and attention to the affairs of the Company consequent upon the revision in the Corporate Governance policies. It is therefore felt that the Directors of the Company who are not in Whole-time employment of the Company or Managing Directors be suitably remunerated with such commission upto a maximum ceiling of 1% of the net profits of the Company every year computed in the manner specified in the Act or such limit as may be approved by the Central Government from 1st April 2008. The quantum of remuneration will be apportioned amongst the non Executive Directors. All the non executive Directors except the wholetime Director / and / or Managing Director may be deemed to be concerned or intrested in the special resolution to the extent the commission is payable to them in accordance with the proposed resolution will be decided by the Chairman and /or the Board of Directors.

Your Directors recommend the passing of the resolution

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 Registered Office of the Company on any working day except Saturdays and Sundays upto the date of this meeting.

**By Order of the Board of Directors  
for Binani Zinc Limited**

**Place : Mumbai.**

**Dated : 21st April 2008**

**Visalakshi Sridhar  
Company Secretary**

**DIRECTORS' REPORT TO THE SHAREHOLDERS****1. Industry Overview**

The demand for Zinc in India is estimated at approximately 470 KT. Indian Zinc metal demand is expected to grow at 10% over the next 3 years driven by transportation, consumer durables and construction sector. Steel galvanizing, accounting for more than 50% of the market, is set to witness strong growth.

The average Zinc price in the London Metal Exchange during 2007-08 was approximately US \$ 2,986 / MT. Import duty on Zinc was at 5%. The import duty on concentrate remained at 2%. All States have adopted the VAT Scheme and CST was reduced to 3% w.e.f. 1<sup>st</sup> March 2007.

**2. Performance Review**

Zinc production was 31,903 MT during the year 2007-08 as compared to 32,624 MT in 2006-07. The plant capacity utilization was 84%. Your company sold 30,744 MT of Zinc (including 51 MT of Alloy) during the year 2007-08 as compared to 31,864 MT in 2006-07. The current year zinc sales include export of 1,735 MT. Average Treatment Charges improved in 2007-08 as the concentrate market eased out.

**Financials**

	2007-08	2006-07
		(Rs. Lakhs)
Net Sales & other Income	<b>48,164</b>	58,441
Operating costs	<b>45,573</b>	53,677
EBIDTA	<b>2,591</b>	4,764
Interest & Financial Charges	<b>1,277</b>	1,711
Cash Profit	<b>1,314</b>	3,053
Depreciation	<b>694</b>	665
Balance Profit	<b>620</b>	2,388
Provision for power charges of earlier years	<b>NIL</b>	970
Profit before Tax	<b>620</b>	1,418
Profit after Tax	<b>328</b>	766

**3. Strengths/Opportunities/Threats/Risks/Concerns**

The major external factors that can have a significant bearing on your company's performance are –

- a) Fluctuation in zinc prices
- b) Enhanced metal supply in market

Your Company has drawn up a comprehensive plan to mitigate the perceived threats.

Prices are expected to remain volatile. However, your Company has attained sufficient expertise in hedging to safeguard itself from wide fluctuations in zinc price.

Your Company has increased the number of Sales Depots in the country, especially in Northern India. The Company's product quality and brand equity are favourable factors.

Concentrate availability is expected to improve and contracts are being concluded to cover requirement.

**4. Future Plans**

Your Company is working towards waste disposal systems that would solve environmental concerns significantly. A technology transfer agreement has been signed with M/s. CE Zinc, Canada for conversion of the Jarosite residue to the more environment friendly jarofix. Debottle-necking exercise is being continued with renewed vigour.

Your Company is making all efforts for setting up its captive mines.

**5. Internal Controls relating to accounting system**

Your Company has adequate internal control systems. External agency has been appointed for periodic internal audit in addition to the Management Reviews.

**6. Human Resources / Industrial Relations**

Industrial relations continued to be maintained at cordial level, and the productivity-based long-term settlement provisions were implemented. People practices continued to be top in the agenda. Learning and development is the focus; with training and development imparted at 4.45 mandays per employee per year on the average, organisational learning as an organisational practice.

Occupational health of employees were closely monitored through annual medical examination conducted, and lifestyle consultation at Ghanshyam Binani Health Centre (GBHC). During the year, GBHC catered out-reach annual medical examination services to 242 employees in five industrial units around, besides organising multi-specialty camps / health talks to employees and community. First Aiders' training was conducted in partnership with Indian Medical Association for other industries.

Workplace industrial and employee safety is the top management agenda. Industrial hygiene study recommendations implemented. Training, awareness and competence to employees, contractors and contractors' labour on industrial safety, worker safety, and workplace safety were provided.

GBHC serves as a platform for corporate social responsibility initiatives. Women empowerment practices through promoting 'kudumbasree' unit for paper carton making, health talks and medical camps, health talks for the adolescent, etc. for the community have been stepped up this year. A professional agency, viz., CASP-Rajagiri, conducted a socio-economic survey of the adjoining Ward 17 of Kadungalloor Grama Panchayat. Specific projects are being undertaken in the ensuing year.

## **7. Dividend**

Considering the overall financial position of your Company, no dividend payment is recommended.

## **8. Board of Directors**

In accordance with Article 100 of the Articles of Association of the Company Mr. S. Padmakumar and Mr. Ibrahim Ali retire by rotation, and being eligible they have offered themselves for re-appointment. Mr. Sushil Bhattar resigned as Director with effect from 5<sup>th</sup> March, 2008.

Mr. Roy Kurian K.K. who was appointed as Wholetime Director with effect from January 01,2007 resigned as Wholetime Director on December 31, 2007. He was appointed as Wholetime Director at the meeting of the Board of Directors held on 30<sup>th</sup> January, 2008 with effect from 1<sup>st</sup> January, 2008 for a period of five years on revised terms of remuneration. The appointment was approved based on the recommendations of the Remuneration Committee. The Resolution for the payment of remuneration to Mr. Roy Kurian K.K. has also been placed for your approval by Special Resolution.

Mr. T.R. C. Nair was appointed as Additional Director of the Company w.e.f. July 27, 2007 pursuant to Section 260 of the Companies Act 1956 read with Article 89 of the Articles of Association of the Company and he would hold office upto the date of this Annual General Meeting. The Company has received notice from a member of the Company alongwith a deposit of Rs.500/- proposing the candidature of Mr. T. R. C. Nair for the office of Director of the Company as required under the Companies Act, 1956.

## **9. Audit Committee**

The Audit Committee has been reconstituted from time to time. The present members of the Audit Committee are as follows :

1. Mr. S. Padmakumar
2. Mr. V. Subramanian
3. Mr. T.R.C. Nair

## **10. Remuneration Committee**

The Remuneration Committee has been reconstituted from time to time. The present members of Remuneration Committee are as follows :

1. Mr.S. Padmakumar
2. Mr. Ibrahim Ali
1. Mr. V. Subramanian

## **11. Auditors Observations**

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

As already clarified in Note No.4 of schedule 15 (Notes to Accounts) the Management strongly feels that since the Company has complied with all the conditions of drawing additional load and obtained the requisite approvals, the penal charges raised by KSEB is disputed by the Company. Since the matter is sub-judice, no provision is considered necessary regarding the disputed demand aggregating to Rs.1078.78 lakhs, treating it as contingent liability.

Regarding the disputed increase in power tariff by KSEB, as clarified in note no.5 of schedule 15 (Notes to Accounts), which is pending before the Hon'ble Supreme Court, the management is of the view that the Company has a strong case in view of a favourable decision taken in an identical case and hence no provision has been considered necessary for the interest amount of Rs.998.59 lakhs.

Regarding the pre-82 tariff concession, as clarified in Note 6 of Schedule 15, the management is of the firm view that the Company is entitled to the concession which is sub-judice and hence no provision for Rs.4346.79 lakhs has been considered necessary.

## **12. Auditors**

M/s Varma & Varma, Chartered Accountants, retire as Auditors and are eligible for reappointment. Necessary certificate has been obtained from the Auditors as per Section 224(1) of the Companies Act 1956.

**13. Cost Auditors**

In terms of the Order of the Company Law Board, the Cost Accounting records relating to the manufacture of Sulphuric Acid are required to be audited for the year 2007-08. Accordingly M/s. N.P. Gopalkrishnan & Co. Cost Accountants, Cochin were appointed as Cost Auditors for the year 2007-08. Necessary application will be made to the Central Government seeking their approval for the appointment of M/s. N.P. Gopalkrishnan & Co., Cost Accountants, Cochin as Cost Auditors for the year 2007-08. The Company also maintains cost records for zinc metal.

**14. Subsidiary Companies**

The statement pursuant to Section 212 of the Companies Act 1956 relating to its subsidiaries i.e. Ess Vee Alloys Private Ltd., RBG Minerals Industries Limited, and Binani Energy Private Limited and the Audited Accounts of these Companies are annexed to this report.

During the year the Company acquired 14,50,000 Equity Shares of Rs.10/- each issued by RBG Minerals Industries Limited at par.

**15. Particulars under Section 217**

The statement of particulars under Section 217(1)(e) regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are annexed.

The Company has no employee covered under Sec 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

Pursuant to Section 217(2AA) of the Companies Act 1956, the Directors also report 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 14' 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 31<sup>st</sup> March, 2008 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;
- d) the annual accounts have been prepared on a going concern basis.

**16. Acknowledgement**

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

By order of the Board  
**For Binani Zinc Limited**

**Braj Binani**  
**Chairman**

**Place: Mumbai**

**Date : 21<sup>st</sup> April, 2008**

## ANNEXURE TO DIRECTORS' REPORT PARTICULARS UNDER SECTION 217(1)(e)

### 1. CONSERVATION OF ENERGY:

#### (1) Energy Conservation Measures taken:

- a. Installation of energy efficient motors: 20 nos. of energy efficient motors installed in the plant during the year 2007-08. Total investment Rs.: 10 Lakhs; Savings Rs.: 5 Lakhs per annum
- b. VFDs were installed for 17 motors to reduce power consumption.
- c. Solar water heater was installed in the canteen. Capacity: 1,000 ltr / day; Investment: Rs. 2.8 Lakhs; Savings: Rs. 1 Lakh per annum

#### (2) Additional investment proposals, if any, being implemented for reduction of consumption of energy

- a. Installation of energy efficient motors planned for 2008-09:- 20 nos; Investment Rs. 10 Lakhs; Savings expected Rs. 4 Lakhs per annum

### 2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

#### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation

- i. Technology transfer agreement signed and trial runs conducted for producing 6N purity Cadmium metal from 3N Cadmium produced in-house
- ii. Interacted with Indian Institute of Minerals and Materials Technology, Bhubaneswar, and finalized a scheme to further develop the flow sheet prepared in-house for conversion of Jarosite into iron oxide
- iii. Fabrication of a Galvanostat to run a pilot cell for electrolysis in lab.

#### 2. Benefits derived as a result of above efforts. (e.g. product improvement, cost reduction, import substitution)

- a. A value addition to the Cadmium metal by-product thereby increasing the profit realization.
- b. Value addition to the hazardous waste
- c. A setup to conduct laboratory studies on electrolysis

### 3. TECHNOLOGY ABSORPTION – RESEARCH AND DEVELOPMENT (R & D):

#### (1) Specific areas in which R & D work was carried out by the company

- (a) A two-stage effluent treatment process, using lime and alum, was developed.
- (b) Laboratory studies on modification of the leaching process to tackle silica in concentrates.
- (c) The possibility of using Jarosite residue in building materials is being explored.
- (d) The influence of SO<sub>2</sub> on effluent treatment was studied.
- (e) Optimization of the acidity, Zn and Sulphate content in cell feed was done in consultation with experts from AdZ.
- (f) Monitoring of zinc inventory and recovery.

#### (2) Benefits derived as a result of the above R & D projects

- (a) The Fluoride in treated effluent could be controlled within the stipulated limits.
- (b) Concentrates with high silica can be treated in the modified leaching process.
- (c) A value added product can be produced from the hazardous waste.
- (d) The stripping process could be modified and controlled to limit the SO<sub>2</sub> content in the effluent, thereby maintaining the pH within specified limits.
- (e) The current efficiency and the quality of zinc deposit improved
- (f) Adequate measures could be adapted to improve the zinc recovery

#### (3) Future plan of action

- (a) Collaborative work with Indian Institute of Minerals and Materials Technology, Bhubaneswar on the scheme developed for converting Jarosite into iron oxide.
- (b) To continue the work on exploring the possibility of using Jarosite residue in building materials.
- (c) Explore the possibility of using Jarosite residue to control fluoride in treated effluent.
- (d) To continue the trial run on the development of 6N Cd metal.
- (e) Technical support on the production of Waelz oxide from the partially processed zinc concentrate.
- (f) Technical support on converting Jarosite into a chemically inert environmentally friendly Jarofix.

#### (4) Expenditure on R&D

Capital : Nil

Recurring : Rs. 64.85 Lakhs

Total : Rs. 64.85 Lakhs

Total expenditure as a percentage of turnover : 0.13%

### 4. FOREIGN EXCHANGE EARNINGS & OUTGO:

**Activities relating to exports; Initiatives taken to increase exports; development of new export markets for products and services and export plans: -**

During the year 2007-08, the company exported 1,735 MT of zinc metal for value of Rs. 2,808.85 Lakhs. However, since the domestic realization is better than exports, the company is not keen to continue exports.

Total Foreign Exchange Earnings : Rs. 3,977.03 Lakhs

Total Foreign Exchange Outgo : Rs. 21,094.73 Lakhs

**AUDITORS' REPORT**

The Members,  
Binani Zinc Limited  
Binanipuram

We have audited the attached Balance Sheet of BINANI ZINC LIMITED as at 31<sup>st</sup> March 2008 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date. 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 have 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 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 statements. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
2. 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 purpose 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 those books;
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of accounts.
  - 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;
  - v. On the basis of written representations received from Directors and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - vi.
    - a) *As stated in Note No.B.4 of Schedule 15 attached to the accounts, no provision has been made in the accounts for disputed demands for penal electricity charges amounting to Rs. 1,078.78 lakhs, including Rs.249.02 lakhs relating to the year, for reasons stated therein, the final outcome and extent of liability of which, if any, cannot be ascertained at this stage.*
    - b) *As stated in Note No. B. 5 of Schedule 15 attached to the accounts, no provision has been made in the accounts for the disputed demand for interest on electricity charges aggregating to Rs. 998.59 lakhs, including Rs. 341.37 lakhs relating to the year, for reasons stated therein, the final outcome and extent of liability of which, if any, cannot be ascertained at this stage.*
    - c) *As stated in Note No. B.6 of Schedule 15 attached to the accounts, no provision has been made in the accounts for disputed demands for electricity charges amounting to Rs. 4346.79 lakhs, including interest @ 24% amounting to Rs.3389.22 lakhs, which includes interest for the year estimated at Rs.115.52 lakhs, for reasons stated therein, the final outcome and extent of liability of which, if any, cannot be ascertained at this stage.*

*Subject to the above*, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and other notes attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India :

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2008;
- ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For VARMA AND VARMA**  
CHARTERED ACCOUNTANTS

**(VENUGOPAL C. GOVIND)**  
Partner  
Membership No. 7230

Place : Kochi  
Date : 25<sup>th</sup> April, 2008

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE**

- 1 (a) The Company is maintaining proper records showing particulars including quantitative details and situation of fixed assets.  
(b) We are informed that all the fixed assets have been physically verified by the management during the year, which, in our opinion is reasonable having regard to the size of the Company and the nature of operations of the Company and that no material discrepancies were noticed on such verification.  
(c) During the year the Company has not disposed off a substantial part of the fixed assets.
- 2 (a) We are informed that the management has conducted physical verification of inventory at reasonable intervals.  
(b) In our opinion and according to the explanations given to us, the procedures for 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, by the management.
- 3 (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties requiring to be entered in the register in terms of Section 301 of the Companies Act, 1956.  
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties requiring to be entered in the register in terms of Section 301 of the Companies Act, 1956.
4. 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 nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. As per the information and explanations given to us, the Company has not entered into any contracts or arrangements that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are not applicable.
7. In our opinion, the Company has an internal audit system, the scope and coverage of which is commensurate with the size of the Company and the nature of its business.
8. The maintenance of cost records has been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 in respect of Zinc and Sulphuric Acid. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- 9 (a) As per the information and explanations furnished to us and according to our examination of the records of the Company, the Company has been regular in depositing undisputed statutory dues on account of Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other statutory dues as applicable to the Company with the appropriate authorities during the year. As per the information and explanation furnished to us by the management, there are no amounts to be deposited towards Investor Education and Protection Fund. There are no arrears of undisputed statutory dues outstanding for a period of more than six months from the date on which they became payable.  
(b) According to the information and explanations given to us and the records of the Company examined by us, the following disputed amounts of tax demanded (including those related to the erstwhile Zinc Division of the holding company Binani Industries Limited referred to in Note No. B.1 of Schedule 15 attached to the accounts ) have not been deposited with the authorities as at 31<sup>st</sup> March 2008 :

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE**

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Year in which Demand was raised	Forum where dispute is pending
Central Excise Act, 1944	Applicable Excise Duty Rate	25	1998-99*	Hon'ble High Court of Kerala.
	Excise Duty on materials sent for job work	28.24	1992-93*	Hon'ble Supreme Court of India.
	Cenvat Credit on spares and stores written off	2.4	2006-07	Customs, Excise and Service Tax, Appellate Tribunal.
Indian Customs Act, 1962	Item Classification	78.4	1984-85*	Assistant Commissioner of Customs, Kochi .
	Interest on warehousing period	0.59	1993-94*	Assistant Commissioner of Customs, Kochi.
	Interest on warehousing period	12.46	2002-03	Hon'ble High Court of Kerala.
	Item Classification	11.09	1993-94*	Customs, Excise and Service Tax, Appellate Tribunal, Chennai.
Finance Act	Service Tax on carriage outwards upto the place of removal	24.29	2006-07	Commissioner of Central Excise, Kochi.
	Service Tax Credit on selling commission	13.49	2007-08	Customs, Excise and Service Tax, Appellate Tribunal, Chennai.

\* Relates to the erstwhile Zinc Division of Binani Industries Limited.

10. The Company has no accumulated losses at the end of the financial year and has not incurred cash losses during the year and in the immediately preceding financial year.
11. According to the information and explanations given to us and the records of the Company examined by us, during the year the Company has not defaulted in repayment of dues to the financial institutions and banks.
12. The Company has not given any loans or advances in the nature of loans on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is a Manufacturing Company as defined in this order and is not a chit fund/nidhi/mutual benefit fund/society.
14. The company is not dealing or trading in shares, securities, debentures or other investments.
15. According to the information and explanations given to us and the records of the Company examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us and the records of the Company examined by us, the Company has availed short term loan during the year which has been applied for the purpose for which the said loan was obtained.
17. According to the information and explanations given to us and the records of the Company examined by us, funds raised on short term basis have not been applied for long term investments.

18. During the year, the Company has not made any preferential allotment of shares to parties and companies requiring to be entered in the Register pursuant to Section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us and the records of the Company examined by us, no fraud either on or by the Company, has been noticed or reported during the year.

**For VARMA & VARMA**  
CHARTERED ACCOUNTANTS

**VENUGOPAL C. GOVIND**  
PARTNER  
Membership No.7230

Place : Kochi  
Dated : 25th April , 2008

**BALANCE SHEET AS AT 31ST MARCH 2008**

(Rs. in Lakhs)

	Schedule	As at 31st March 2008	As at 31st March 2007
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	6,761.81	6,761.81
Reserves and Surplus	2	1,415.54	1,088.34
		<b>8,177.35</b>	7,850.15
<b>LOAN FUNDS</b>			
Secured Loans	3	3,000.00	608.48
Unsecured Loans	4	-	3,006.76
<b>DEFERRED TAX LIABILITY (NET)</b> (Refer Note No.B.21 in Schedule 15)		<b>941.02</b>	729.50
<b>TOTAL</b>		<b>12,118.37</b>	<b>12,194.89</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	20,004.30	19,477.52
Less :Depreciation		12,096.22	11,456.82
Net Block		<b>7,908.08</b>	8,020.70
Capital Work-in-Progress		<b>838.82</b>	764.86
<b>INVESTMENTS</b>	6	<b>388.58</b>	340.46
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	5,146.53	15,565.22
Sundry Debtors		1.91	249.75
Cash and Bank balances		4,559.18	391.52
Loans and Advances		4,665.84	6,874.47
Other Current Assets		35.76	288.13
		<b>14,409.22</b>	23,369.09
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	8	7,855.99	17,192.29
Provisions		3,570.34	3,107.93
		<b>11,426.33</b>	20,300.22
<b>NET CURRENT ASSETS</b>		<b>2,982.89</b>	3,068.87
<b>TOTAL</b>		<b>12,118.37</b>	<b>12,194.89</b>
<b>NOTES ON ACCOUNTS AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES SCHEDULES 1 TO 8 AND NOTES ON ACCOUNTS FORM PART OF THIS BALANCE SHEET</b>			
	15		

As per our separate Report of even date attached

For and on behalf of the Board of Directors

For Varma & Varma  
Chartered AccountantsM. K. Chattopadhyaya  
Chief Financial OfficerBraj Binani  
ChairmanVisalakshi Sridhar  
Company SecretaryVenugopal C. Govind  
Partner  
Membership No. 7230V. Subramanian  
DirectorPlace : Kochi  
Date : 25th April, 2008Place : Mumbai  
Date : 21st April, 2008

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

(Rs. in Lakhs)

	Schedule	For the year ended 31st March 2008	For the year ended 31st March 2007
<b>INCOME</b>			
Sales	9	51,437.24	64,769.44
Less: Excise Duty		6,953.41	7,738.39
		44,483.83	57,031.05
Other Income (Refer Note No.B.10 in Schedule 15)		3,680.03	1,409.88
<b>TOTAL</b>		<b>48,163.86</b>	<b>58,440.93</b>
<b>EXPENDITURE</b>			
Raw Materials and Goods Consumption	10	34,695.18	43,583.63
Other Manufacturing Expenses	11	7,878.48	7,230.88
Payments to and Provision for Employees	12	1,297.89	1,209.04
Selling and Administration Expenses	13	1,701.16	1,653.25
Interest and Finance Charges	14	1,277.27	1,711.17
Depreciation		694.36	664.75
<b>TOTAL</b>		<b>47,544.34</b>	<b>56,052.72</b>
Balance Profit		619.52	2,388.21
Provision for Power Charges for earlier years		-	970.18
Profit before Tax		619.52	1,418.03
Provision for Taxation			
- Current Tax			158.00
- Deferred Tax (Refer Note No.B.21 in Schedule 15)			483.25
- Fringe Benefit Tax		292.32	11.00
<b>Profit after Tax</b>		<b>327.20</b>	<b>765.78</b>
Profit brought forward from previous year		1,088.34	322.56
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>1,415.54</b>	<b>1,088.34</b>
Earnings per share(Basic/Diluted) (in Rs)			
(Face value per share Rs.10)		0.48	1.13
Number of shares used in computing earnings per share (Basic/Diluted)		67,618,082	67,618,082

### NOTES ON ACCOUNTS AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

15

### SCHEDULES 9 TO 14 AND NOTES ON ACCOUNTS FORM PART OF THIS PROFIT & LOSS ACCOUNT

As per our separate Report of even date attached

For and on behalf of the Board of Directors

**For Varma & Varma**  
Chartered Accountants

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

**Braj Binani**  
Chairman

**Venugopal C. Govind**  
Partner  
Membership No. 7230

**Visalakshi Sridhar**  
Company Secretary

**V. Subramanian**  
Director

Place : Kochi  
Date : 25th April, 2008

Place : Mumbai  
Date : 21st April, 2008

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2008**

(Rs in Lakhs)

	As at 31st March 2008	As at 31st March 2007
<b>SCHEDULE – 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised:</b>		
7,50,00,000 Equity shares of Rs.10/- each fully paid	7,500.00	7,500.00
(7,50,00,000 Equity Shares of Rs.10/- each fully paid)	<u>7,500.00</u>	<u>7,500.00</u>
<b>Issued and subscribed:</b>		
6,76,18,082 Equity shares of Rs.10/- each fully paid	6,761.81	6,761.81
(6,76,18,082 Equity shares of Rs.10/- each fully paid)		
Out of the above,6,07,88,138 (6,07,88,138)equity shares are held by Binani Industries Ltd.,the holding Company and its nominees (Refer Note No.B.1 in Schedule 15)		
<b>TOTAL</b>	<u><u>6,761.81</u></u>	<u><u>6,761.81</u></u>
<b>SCHEDULE – 2</b>		
<b>RESERVES AND SURPLUS</b>		
Balance in Profit & Loss Account	1,415.54	1,088.34
<b>TOTAL</b>	<u><u>1,415.54</u></u>	<u><u>1,088.34</u></u>
<b>SCHEDULE – 3</b>		
<b>SECURED LOANS</b>		
Banks:		
1. Short Term Loan -UCO Bank (Refer Note No.B.8 in Schedule 15) (Falling due for payment within one year Rs. Nil)	3,000.00	-
2. Cash Credit (Refer Note No.B.8 in Schedule 15)	-	589.97
3. Hire Purchase Credit (Refer Note No.B.25 in Schedule 15)	-	18.51
[Falling due for payment within one year Rs.Nil (Previous year Rs. 9.54 Lakhs)]		
<b>TOTAL</b>	<u><u>3,000.00</u></u>	<u><u>608.48</u></u>
<b>SCHEDULE – 4</b>		
<b>UNSECURED LOANS</b>		
Inter corporate deposit from Companies	-	2,770.00
Binani Industries Limited (Holding Company)	-	236.76
<b>TOTAL</b>	<u><u>-</u></u>	<u><u>3,006.76</u></u>

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2008

### SCHEDULE – 5 FIXED ASSETS

	(Rs. in Lakhs)					
	FREE HOLD LAND	BUILDINGS (INCLUDING ROADS)	PLANT & MACHINERY	FURNITURE & OFFICE EQUIPMENTS	TRANSPORT EQUIPMENTS	TOTAL
<b>GROSS BLOCK (At cost)</b>						
As at 1st April 2007	274.41	1,055.61	17,831.11	147.09	169.30	19,477.52
	(228.19)	(1,053.48)	(17,581.35)	(144.48)	(171.17)	(19,178.67)
Additions during the year	0.32	1.37	578.36	11.10	12.57	603.72
	(46.22)	(2.13)	(249.76)	(2.61)	(13.98)	(314.70)
Sales/Transfers/Adjustments during the year	-	-	26.62	0.28	50.04	76.94
	-	-	-	-	(15.85)	(15.85)
<b>Total as at 31st March, 2008</b>	<b>274.73</b>	<b>1,056.98</b>	<b>18,382.85</b>	<b>157.91</b>	<b>131.83</b>	<b>20,004.30</b>
Total as at 31st March, 2007	274.41	1,055.61	17,831.11	147.09	169.30	19,477.52
<b>DEPRECIATION</b>						
As at 1st April 2007	-	706.61	10,494.43	121.23	134.55	11,456.82
	-	(679.17)	(9,872.39)	(116.05)	(137.30)	(10,804.91)
Additions during the year	-	25.30	652.17	5.61	11.28	694.36
	-	(27.44)	(622.04)	(5.18)	(10.09)	(664.75)
Sales/Transfers/Adjustments during the period	-	-	25.15	0.14	29.67	54.96
	-	-	-	-	(12.84)	(12.84)
<b>Total as at 31st March, 2008</b>	<b>-</b>	<b>731.91</b>	<b>11,121.45</b>	<b>126.70</b>	<b>116.16</b>	<b>12,096.22</b>
Total as at 31st March, 2007	-	706.61	10,494.43	121.23	134.55	11,456.82
<b>NET DEPRECIATED BLOCK</b>						
As at 31st March 2008	<b>274.73</b>	<b>325.07</b>	<b>7,261.40</b>	<b>31.21</b>	<b>15.67</b>	7,908.08
As at 31st March 2007	274.41	349.00	7,336.68	25.86	34.75	8,020.70

Gross Block of Transport equipments include vehicles taken on hire purchase Rs.Nil ( Rs.33.40 Lakhs.)

Freehold land includes Rs.41.42 Lakhs (Previous year Rs 41.10 Lakhs) taken possession of for which documentation / Registration formalities are being completed.

(Rs in Lakhs)

**As at 31st March 2008** As at 31st March 2007

### SCHEDULE – 6 INVESTMENTS

#### LONG TERM - (NON-TRADE) UNQUOTED (AT COST)

<b>A) Investments in Subsidiary Companies</b>		
<b>a) R B G Minerals Industries Ltd</b>	<b>204.39</b>	204.39
19,90,000 Equity Shares of Rs.10/- each fully paid up (19,90,000 Equity Shares of Rs.10/- each fully paid up)		
<b>b) Ess Vee Alloys Pvt Ltd.</b>	<b>23.00</b>	23.00
1,00,000 Equity Shares of Rs.10/ each fully paid up (1,00,000 Equity Shares of Rs.10/ each fully paid up)		
<b>c) Binani Energy Private Limited(Formerly Binani Mazak Private Ltd.)</b>	<b>1.00</b>	1.00
10,000 Equity Shares of Rs.10/- each fully paid up (10,000 Equity Shares of Rs.10/- each fully paid up)		
<b>B) Investments in Other Companies:</b>		
Kerala Enviro Infrastructure Ltd.	<b>17.50</b>	17.50
1,75,000 Equity Shares of Rs.10/- each fully paid up (1,75,000 Equity Shares of Rs.10/- each fully paid up)		
<b>C) Advance for Investment in:-</b>		
RBG Minerals Industries Limited .	<b>142.69</b>	45.57
Binani Energy Private Limited(Formerly Binani Mazak Private Ltd.)	<b>-</b>	49.00
<b>TOTAL</b>	<b>388.58</b>	<b>340.46</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2008**

(Rs in Lakhs)

	As at 31st March 2008	As at 31st March 2007
<b>SCHEDULE – 7</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Inventories</b>		
Stores & Spare Parts (including in transit Rs.11.11 Lakhs) (Previous year Rs.125.11 Lakhs)	873.27	654.13
Raw Materials	2,395.76	13,225.92
Work-in-Progress	437.56	201.64
Finished Goods (including by-products)	<u>1,439.94</u>	<u>1,483.53</u>
	<u>5,146.53</u>	<u>15,565.22</u>
<b>Sundry Debtors (Unsecured, considered good)</b>		
Debts outstanding for a period exceeding six months	-	9.74
Other debts	<u>1.91</u>	<u>240.01</u>
	<u>1.91</u>	<u>249.75</u>
<b>Cash and Bank Balances</b>		
Cash balance on hand	1.35	1.71
Balances with Scheduled Banks:		
In Current Accounts	1,164.36	14.89
(includes debit balance in cash credit accounts - Rs 985.17 lakhs(Previous year - Nil)		
In Deposit Accounts	<u>3,393.47</u>	<u>374.92</u>
	<u>4,559.18</u>	<u>391.52</u>
<b>Loans and Advances (Unsecured, considered good)</b>		
Advances and loans to Subsidiaries (Refer Note No.B.29 in Schedule 15)	16.03	31.03
Advances recoverable in cash or in kind or for value to be received	3,720.51	4,930.86
Deposits	486.00	348.68
Balance with Customs & Excise Authorities	<u>443.30</u>	<u>1,563.90</u>
	<u>4,665.84</u>	<u>6,874.47</u>
<b>Other Current Assets</b>		
DEPB -Receivable	-	285.98
Accrued Income	35.76	2.15
	<u>35.76</u>	<u>288.13</u>
<b>TOTAL</b>	<u><b>14,409.22</b></u>	<u><b>23,369.09</b></u>
<b>SCHEDULE – 8</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Creditors for SSI Units ( As identified by management) (Refer Note No.B.30 in Schedule 15)	0.29	7.71
Creditors for others		
For Trade	3,252.64	9,851.20
For Expenses	2,654.74	5,919.67
Advances from customers	1,342.82	1,341.05
Other liabilities	<u>605.50</u>	<u>72.66</u>
	<u>7,855.99</u>	<u>17,192.29</u>
<b>PROVISIONS:</b>		
Provision for Taxation (Net of Advance tax/TDS)	29.95	53.37
Provision for Fringe Benefit Tax (Net of Advance Tax)	1.05	0.20
Provision for Leave Encashment	63.67	77.80
Provision for Gratuity (Refer Note No.B.23 in Schedule 15)	13.47	220.29
Other Provisions (Refer Note No.B.26 in Schedule 15)	<u>3,462.20</u>	<u>2,756.27</u>
	<u>3,570.34</u>	<u>3,107.93</u>
<b>TOTAL</b>	<u><b>11,426.33</b></u>	<u><b>20,300.22</b></u>

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

			(Rs in Lakhs)		
			For the Year ended 31st March 2008	For the Year ended 31st March 2007	
<b>SCHEDULE – 9</b>					
<b>SALES</b>					
	Units	Quantity	Value	Quantity	Value
<b>Domestic:</b>					
Unwrought Zinc	MT	28,958	45,461.33	25,806	54,352.96
Zinc Alloy	MT	51	96.67	-	-
Sulphuric Acid	MT	48,155	2,840.77	50,916	997.92
Cadmium	KG	55,618	229.62	65,613	121.00
<b>Export Sales:</b>					
Unwrought Zinc	MT	1,735	2,808.85	6,058	9,265.28
Zinc Alloy	MT	-	-	20	32.28
<b>TOTAL</b>			<b>51,437.24</b>		<b>64,769.44</b>
(Quantity is in respect of principal products)					

### SCHEDULE – 10 RAW MATERIALS AND GOODS CONSUMPTION

Raw Materials Consumed			<b>34,898.46</b>	43,957.03
(Increase)/Decrease in Work-in-Progress				
Opening Stock			<b>201.64</b>	128.64
Closing Stock			<b>437.56</b>	201.64
			<b>(235.92)</b>	(73.00)
(Increase)/Decrease in Finished Goods				
Opening Stock			<b>1,483.53</b>	1,088.85
Closing Stock			<b>1,439.94</b>	1,483.53
			<b>43.59</b>	(394.68)
Excise Duty on stock adjustment			<b>(10.95)</b>	94.28
<b>TOTAL</b>			<b>34,695.18</b>	43,583.63

### Break-up of opening & closing stock of Finished Goods

(Quantity is in respect of principal products)

	Unit	Opening Stock		Closing Stock	
		Quantity	Value	Quantity	Value
Unwrought Zinc (including zinc alloy)	MT	815	1,456.85	1,158	1,345.46
		(1,054)	(1,047.21)	(815)	(1,456.85)
Sulphuric Acid	MT	1,011	19.64	1,432	94.21
		(1,625)	(35.08)	(1,011)	(19.64)
Cadmium	KG	3,594	7.04	65	0.27
		(4,435)	(6.56)	(3,594)	(7.04)
			<b>1,483.53</b>		<b>1,439.94</b>
			(1,088.85)		(1,483.53)

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	(Rs in Lakhs)	
	For the year ended 31st March 2008	For the year ended 31st March 2007
<b>SCHEDULE – 11</b>		
<b>OTHER MANUFACTURING EXPENSES</b>		
Power & Fuel	5,114.67	5,025.45
Consumption of Stores & Spares (Refer Note No.B.13 in Schedule 15)	1,278.15	1,197.56
Repairs and Maintenance		
- Buildings	79.36	19.28
- Plant & Machinery	1,215.19	827.28
- Others	191.11	161.31
<b>TOTAL</b>	<b>7,878.48</b>	<b>7,230.88</b>
<b>SCHEDULE – 12</b>		
<b>PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>		
Salaries, Wages & Bonus (Refer Note No.B.12 in Schedule 15)	1,079.21	967.81
Contribution to Provident and Other Funds (Refer Note No.B.12 & B.23 in Schedule 15)	120.34	167.85
Staff Welfare expenses	98.34	73.38
<b>TOTAL</b>	<b>1,297.89</b>	<b>1,209.04</b>
<b>SCHEDULE – 13</b>		
<b>SELLING AND ADMINISTRATION EXPENSES</b>		
Freight & Transport	644.79	527.46
Insurance	53.25	127.23
Rates & Taxes (Refer Note No.B.20 in Schedule 15)	75.93	64.21
Directors' fees	1.03	0.88
Foreign Exchange Fluctuation loss (net)	-	4.18
Rent	6.13	12.68
Expenditure/Loss on Risk Management Transactions	30.90	23.13
Miscellaneous expenses	483.18	451.43
Commission to Selling Agents	386.51	418.77
Capital work-in-progress written off (Refer Note No.B.19 in Schedule 15)	19.44	23.28
<b>TOTAL</b>	<b>1,701.16</b>	<b>1,653.25</b>
<b>SCHEDULE – 14</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Fixed Loans	57.66	164.77
Others	1,033.68	1,303.26
Bank Charges	185.93	243.14
<b>TOTAL</b>	<b>1,277.27</b>	<b>1,711.17</b>

**NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AS AT AND FOR THE YEAR ENDED 31ST MARCH 2008****SCHEDULE – 15****A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention in accordance with the 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/materialised.

**REVENUE RECOGNITION**

Sales are recognised on transfer of title of the goods to the customers. Other incomes are recognised on accrual basis except when there are significant uncertainties.

**FIXED ASSETS**

Fixed Assets are stated at cost, net of cenvat. Costs include trial run and stabilisation expenses, interest, finance cost and incidental expenses up to the date of capitalisation.

**DEPRECIATION**

Depreciation on Plant and Machinery is provided on Straight Line Method, at the rates prevailing in the year the asset was acquired/put to use at the rates prescribed under Schedule XIV of the Companies Act, 1956.

Depreciation on other Fixed Assets is provided on Written Down Value Method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

**IMPAIRMENT OF ASSETS**

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 lower of weighted average cost (net of Cenvat) and net realisable value.

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.

By-products are valued at Estimated Selling Price.

**INVESTMENTS**

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

**EXPORT INCENTIVES**

Export incentives are recognised on exports on accrual basis, and based on the estimated realisable value of such entitlements.

**FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are accounted at the exchange rate prevailing on the date of each transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. In the case of forward contracts, the exchange differences are dealt with in the profit and loss account over the period of the contracts.

**EMPLOYEE BENEFITS****Defined Contribution Plans**

The company has defined contribution plans for employees comprising of Government administered Employees State Insurance and Pension Plans. The contributions paid/payable to these plans during the year are charged to the Profit and Loss Account for the year.

**Defined Benefit Plans****i) Provident Fund**

The company makes contributions towards employees provident fund to a trust administered by the company, which are charged to Profit & Loss account. Any shortfall in amounts due to employees by the trust will be made good by the company and absorbed as revenue expense in the relative years.

**ii) Gratuity**

The company makes contributions to the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits as determined on actuarial valuation conducted annually using the projected unit credit method, as adjusted for unrecognised past services cost, if any, and as reduced by the fair value of plan assets, is recognised in the

accounts. Actuarial gains and losses are recognised in full in the Profit and Loss account for the period in which they occur.

iii) Compensated absences

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in full in the Profit and Loss account for the period in which they occur.

**Short-term employee benefits**

All employee benefits which are wholly due within 12 months of rendering the services are recognised in the period in which the employee rendered the related services.

**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 Accounting Standard-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 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 a virtual certainty that sufficient future taxable income will be available to realise the same. Provision for fringe benefit tax is made in accordance with the provisions of the Income Tax Act, 1961.

**PROVISIONS AND CONTINGENT LIABILITIES**

Provision is made in the accounts if it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Contingent liabilities are not recognised, but are disclosed in the Notes on Accounts. Contingent assets are neither recognised nor disclosed in the accounts.

**RISK MANAGEMENT TRANSACTIONS**

The Company uses derivative instruments to hedge the risk of movements in commodity prices. The use of these instruments reduces the risk or cost to the company and the company does not use such instruments for trading or speculation purposes. The Company recognizes gain or loss on effective hedges on settlement. Unrealised gain as at the Balance sheet date is not recognised.

**B. NOTES ON ACCOUNTS**

- Consequent upon the transfer of the erstwhile Zinc Division of Binani Industries Limited (BIL) to the company with effect from 1st April 2002 as per the Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956 duly approved by the Hon'ble High Court of Calcutta on 16th March 2004, the entire undertaking, properties, assets, debts, liabilities, contingent liabilities, duties and obligations of the erstwhile zinc division of BIL have been transferred to the company with effect from the said date and the Company on 30.04.2004 has allotted 6,07,38,068 Equity Shares of Rs 10/- each fully paid up to BIL and 68,29,944 equity shares of Rs 10/- each fully paid up to the shareholders of BIL on 26.06.2004.
- Estimated amount of contracts and commitments remaining to be executed on capital account and not provided for - Rs 596.11 lakhs (Previous year Rs.356.74 lakhs). Letter of credits opened by banks on behalf of the company amounts to Rs.3935.07 lakhs. (Previous year Rs.34.91 lakhs)

(Rs. In lakhs)

3. Contingent liabilities not provided for:

	<u>For the Year Ended 31.03.2008</u>	<u>For the Year Ended 31.03.2007</u>
Claims against the Company not acknowledged as debts:		
(a) Disputed tax /duty demands	189.75	198.77
(b) Disputed demands for power charges (See Note B4, B5 & B6 below)	6424.16	2303.80
(c) Others	78.40	159.27
	<u>6692.31</u>	<u>2661.84</u>

- Demand for penal charges towards the alleged unauthorised usage of additional load raised by Kerala State Electricity Board (KSEB) is disputed by the company before the Hon'ble High Court of Kerala. The Hon'ble High Court has granted stay for the demand and the petition is pending disposal. The company had obtained all the necessary approvals as stipulated in the conditions of supply of KSEB and according to the company, the penal charges are not payable since there was no violation of such conditions. Hence, no provision is considered necessary and the disputed demand aggregating to Rs.1078.78 lakhs (including Rs. 249.02 lakhs for the current year) has been included under Contingent Liabilities not provided for.
- The company had disputed the increase in power tariff by 50 ps made by KSEB w.e.f 1-10-02 by filing a Special Leave Petition before the Hon'ble Supreme Court of India. The Hon'ble Court directed the company to take up the matter on appeal before the Appellate Tribunal for Electricity, New Delhi. Provision had been made for the increased tariff up to 31.03.04 in prior years aggregating to Rs.885.63 lakhs, as a matter of abundant caution. The Tribunal upheld the right of KSEB to revise the tariff, consequent to which KSEB has raised their invoice towards the arrears (including interest @ 12%) up to 30.09.06. The decision of the Tribunal is disputed by the company in a civil appeal and stay petition filed before the Hon'ble Supreme Court. During the year a division bench of the Hon'ble Supreme Court has referred the case to a

larger bench. Pending disposal of the appeal by the larger bench of the court, the company as a matter of abundant caution, has provided the balance liability for electricity charges up to 31.03.08 as estimated by the management aggregating to Rs.2372.91 lakhs(including Rs.1669.77 lakhs provided upto 31.03.07). However, the demand for interest estimated at Rs.998.59 lakhs, which includes Rs. 341.37 lakhs relating to the current year, which at this stage is considered not payable, is not provided for and is included under Contingent Liabilities not provided for.

6. Consequent upon expansion of capacity in 1982-83 of its Zinc division, Binani Industries Ltd. (BIL) became entitled to concessional tariff (pre September 1982 tariff) as per notification of the Government of Kerala dt. 06.10.1986 for a period of 5 years. From Sept 1986, KSEB imposed Power Cut in the Zinc Division of BIL and was importing power from outside the state. The concessional tariff for imported power was fixed as per the order of the Hon'ble High Court of Kerala. However, KSEB withdrew both concessional tariff as above and the liability thereon aggregating to Rs.816.88 lakhs was included in the liabilities transferred to the company under the scheme and BIL took up the matter before the Hon'ble High Court of Kerala, which was pending for a long time. Since considerable time had passed and based on the legal advice obtained the said amount of Rs.816.88 lakhs in respect of the said demands considered no longer payable was written back in the accounts of the Company in the year 2003-04 and shown as Contingent liability in the accounts. The Hon'ble Single Bench of the Kerala High Court has disposed the appeal with a direction to KSEB to reconsider the claim of the company for concessional tariff for the modernised plant energized before the cut-off date alone, in the earlier year. This order of the Single Bench is disputed by the company in the writ appeal filed before the Division Bench which has been admitted and interim stay against disconnection granted. During the year, KSEB cancelled the concessions and raised a demand of Rs. 4346.79 lakhs including interest @ 24% amounting to Rs.3389.22 lakhs, which includes Rs.115.52 lakhs relating to the current year. Since the company based on the legal opinion obtained, is hopeful of a favourable decision on final settlement of the issues involved in the matter, no provision is made for the said amount of liability, which is included under Contingent Liabilities not provided for.
7. Particulars in respect of goods manufactured

(Rs. in lakhs)				
Goods	Unit	Particulars	For the year ended 31st March, 2008	For the year ended 31st March, 2007
Zinc	MT	Installed Capacity	38,000 *	38000 *
		Actual Production	31,903#	32,624 #
Sulphuric Acid		Installed Capacity	53,063 *	53,063 *
		Actual Production	48,576	50,366
Cadmium	KG	Installed Capacity	80,287 *	80,287*
		Actual Production	52,089	64,797
Zinc Alloys	MT	Installed Capacity	10,000 *	10,000*
		Actual Production	Nil	72

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.

# includes 816 MT (1050MT) of Zinc outsourced for conversion into zinc dust.

#### 8. LOANS – SECURED

- I. Cash Credits – Punjab National Bank/ Oriental Bank of Commerce

These facilities have been secured/ to be secured by

- a. Paripassu first charge by way of hypothecation of the whole of the Current Assets of the Company viz. stocks of raw materials, packing materials, stock in process, semi finished and finished goods, stores not relating to Plant and Machinery (consumable stores and spares), Export / Local Bills receivable, book debts, movable plant and machinery, stores and spares relating to the machinery and other movables, both present and future.
- b. Paripassu Second charge on the fixed assets of the Company located at Binanipuram, Kerala, and
- c. Corporate Guarantee of Binani Industries Limited, the Holding Company.

- II. Short Term Loan – UCO Bank –Rs.3000 lakhs

Secured by first charge on the land and building of the company and hypothecation of all other fixed assets of the company at Binanipuram, Kerala or any other place of the company, both present and future. With consent for second charges in favour of working capital lenders and collateral security by way of corporate guarantee of Binani Industries Limited.

9. The Hon'ble Supreme Court of India had constituted a committee to monitor the compliance of Hazardous Waste Management and Handling Rules, 2003. The Supreme Court Monitoring Committee (SCMC), has directed that all units must have a proper waste storage and disposal facility if they are allowed to operate. Subsequently, it was decided by the Industries' representatives that a common Hazardous Waste Treatment & Storage Disposal Facility (TSDF) should be created and for this purpose a company in the name and style of Kerala Enviro Infrastructure Ltd (KEIL) was incorporated in March'05 having Kerala State Industrial Development Corporation Ltd.(KSIDC) as a main promoter in which all the beneficiary industries contribute towards the capital. Accordingly, the Company invested a sum of Rs.17.50 Lakhs in Equity Shares by KEIL. The TSDF is nearing completion.

10. Other Income comprises of:

	For the year ended 31.03.2008	For the year ended 31.03.2007
		(Rs. in lakhs)
a)		
i) Interest from Banks/ Others (TDS deducted Rs.38.85 lakhs) (Previous year Rs. 89.09 lakhs)	<b>356.50</b>	548.91
ii) Profit from Hedging Transactions (Net)	<b>1983.03</b>	255.04
iii) DEPB On Exports Made	<b>194.59</b>	377.78
iv) Insurance Claims	<b>9.27</b>	46.80
v) Gain on foreign currency exchange variation (Net)	<b>616.15</b>	-
vi) Scrap/Industrial Waste Sales	<b>496.02</b>	177.89
vii) Others	<b>24.47</b>	3.42
viii) Excess provision no longer required written back	-	0.04
	<b>3680.03</b>	1409.88
b) Amount due under FITL to IDBI waived on settlement	-	1225.25
Amount transferred to BIL on settlement	-	1225.25
	<b>3680.03</b>	1409.88

11. Raw Material Consumption :

Particulars	For The Year Ended 31.03.2008 Quantity (MT)	Value Rs. in Lakhs	%	For The Year Ended 31.03.2007 Quantity (MT)	Value Rs. in Lakhs	%
Zinc Concentrate – Imported	<b>58060</b>	<b>32,867.61</b>	<b>94</b>	67438	43,957.03	100
Zinc Concentrate – Indigenous	<b>5990</b>	<b>2,030.85</b>	<b>6</b>	-	-	
<b>Total</b>	<b>64050</b>	<b>34,898.46</b>	<b>100</b>	67438	43,957.03	100

12. Managerial Remuneration to Whole Time Director and Unit Head, Shri Roy Kurian K K for the period from 01.04.2007 to 31.03.2008:

	For the year ended 31.03.2008	For the year ended 31.03.2007
		(Rs. in lakhs)
Salary	<b>17.68</b>	15.82
Contribution to Provident and other Funds	<b>1.79</b>	1.83
Perquisites	<b>0.21</b>	0.04
	<b>19.68</b>	17.69*

\* Includes salary paid to Mr. Sushil Bhattar amounting to Rs.1.69 lakhs.

Perquisites do not include monetary value of non cash perquisite as per Income Tax Act,1961. Managerial Remuneration excludes provisions for gratuity and provision for leave encashment, which are based on actuarial valuation done on an overall Company basis.

13. Stores and spare parts consumption included under other heads in the Profit and Loss Account amounts to Rs 642.11 Lakhs (Previous year Rs. 498.46 Lakhs).

14. Value of imports calculated on CIF basis

Particulars	For the year ended 31.03.2008	For the year ended 31.03.2007
		(Rs. in Lakhs)
Raw Materials	<b>20,551.26</b>	52,993.96
Stores and spare parts of Machinery	<b>385.90</b>	427.10
Capital Goods	<b>85.96</b>	115.57
	<b>21,023.12</b>	53,536.63

15. a) Expenditure in Foreign Currency (on cash basis)

(Rs. in Lakh)

	<b>For the year ended 31.03.2008</b>	For the year ended 31.03.2007
Professional Fees	44.37	141.03
Others	27.24	3.06
	<u>71.61</u>	<u>144.09</u>

15. b) Earnings in Foreign Exchange (Actually received Through Banks)

(Rs. in Lakhs)

	<b>For the year ended 31.03.2008</b>	For the year ended 31.03.2007
Export of Goods on FOB Basis	3,024.86	9,068.53
Profit on Hedging (Net)	952.17	-
	<u>3,977.03</u>	<u>9,068.53</u>

16. Remuneration to Auditors

(Rs. in Lakhs)

	<b>For the year ended 31.03.2008</b>	For the year ended 31.03.2007
Audit Fees	4.25	3.25
Other Services	0.12	0.10
Out of pocket expenses	0.26	0.16
	<u>4.63</u>	<u>3.51</u>

17. Break up of pre-operative expenses including advance in respect of ongoing projects, which are included under 'Capital Work in Progress' pending allocation.

(Rs. in Lakhs)

	<b>Upto 31.03.2008</b>	Upto 31.03.2007
Salaries, Wages and Bonus	100.36	100.36
Staff Welfare Expenses	0.66	0.66
Power and Fuel	3.80	3.80
Rent	23.46	23.46
Repairs to Other Assets	6.55	6.55
Insurance	2.44	2.44
Consultancy charges	214.17	214.17
Depreciation	8.01	8.01
Interest and financial Charges	19.74	19.74
Other Expenses	54.81	54.81
Total	<u>434.00</u>	434.00
Less: Allocated to fixed assets/ written off	430.26	399.57
Balance	<u>3.74</u>	<u>34.43</u>

18. Other Manufacturing Expenses and Selling and Administration Expenses include Rs.54.66 Lakhs (Previous year Rs. 17.51 lakhs) and Rs 40.74 Lakhs (Previous year Rs.49.56 lakhs) respectively, being the company's share in 90% of the total common expenses incurred by the holding company (BIL), allocated by BIL to its subsidiaries on the basis of respective turnover.

19. Capital Work - in - Progress written off amounting to Rs. 19.44 lakhs (Previous year Rs. 23.28 lakhs) comprised of Rs.10.28 Lakhs being expenditure incurred on Market survey of Zinc Wires, die casting alloys and research study for the Company, Rs.6.37 lakhs being paid for transfer of technology for 6N pure Cadmium Project, Rs.2.72 lakhs being the amount of Automatic Skimming System written off and Rs.0.07

Lakhs (Previous year Rs. 1.84 lakhs) being allocated common expenses of Project Office of BIL, considered to have not resulted in any benefit to the projects which are being pursued now.

20. Rates & Taxes includes an amount of Rs.Nil (Previous year Rs. 36.46 lakhs) being amount paid to Kerala Water Authority as deposit being the share of the Company towards the expenses for procurement and installation of a domestic water supply system for supplying water to existing residences of the existing Ward-15, Kadungalloor Panchayat. The amount has been paid in line with the directions of the Supreme Court Monitoring Committee (SCMC- a committee constituted by the Hon'ble Supreme Court of India for monitoring of Hazardous Wastes Management) and the Local Area Environment Protection Committee (LAPEC) and also in discharging the Company's Corporate Social Responsibility.

21. Deferred Tax Liability as on 31.03.2008 comprises of the following:

	As at 31.03.2008	As at 31.03.2007
a) Deferred Tax Liability Fixed Assets – Depreciation	<b>1,211.41</b>	1,178.37
Total	<b>1,211.41</b>	1,178.37
b) Deferred Tax Asset		
Disallowance under Income Tax Act, 1961	<b>259.53</b>	146.82
Unabsorbed Depreciation	<b>10.86</b>	302.05
Total	<b>270.39</b>	448.87
Deferred Tax Liability (Net)	<b>941.02</b>	729.50

22. The Company is engaged in the business of 'Production and Sales of Zinc which constitutes a single business segment. However, based on geographical factors reportable geographic segments have been identified as domestic sales and export sales (the exports to individual countries being less than 10% of the enterprises revenue). The segment wise information pertaining to the reportable geographic segments is as follows:

Particulars	Domestic	Export	Total
Segment revenue	<b>48,628.39</b>	<b>2,808.85</b>	<b>51,437.24</b>
	(55,471.88)	(9,297.56)	(64,769.44)

(Figures in bracket pertain to previous year)

Export revenue does not include export incentive(DEPB) amounting to Rs. 194.59 lakhs(Previous year Rs.377.78 Lakhs).

Capital Employed as also assets and liabilities of the company are not capable of being stated separately segment wise, since all the assets and liabilities relate to the composite undertaking for both geographic segments.

**23. EMPLOYEE BENEFITS**

Consequent to Accounting Standard 15 - "Employee Benefits" (Revised 2005) becoming effective, the company has adopted the said standard with effect from 1st April 2007. There is no material impact on the accounts as a result of the adoption of the standard.

Disclosures required under Accounting Standard 15 - "Employee Benefits" (Revised 2005)

**I. Defined Contribution Plans**

During the year the company has recognised Rs 21.70 lakhs in the Profit and Loss Account on account of defined contribution plans.

**II. Defined Benefit Plans**

	(Rs in lakhs)
	Gratuity (Funded)
i Actuarial Assumptions	
Discount Rate (per annum)	8%
Expected return on plan assets	9.35%
Salary escalation rate*	3%
Mortality rate	LIC(1994-1996) rate

The assumption fo future salary increase takes into account the inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

		(Rs in lakhs)
		Gratuity (Funded)
ii	Reconciliation of present value of obligation	
	Present value of obligation at beginning of the year	333.78
	Current Service Cost	18.92
	Interest Cost	24.85
	Actuarial (gain)/loss	14.13
	Benefits Paid	(51.82)
	Curtailments	Nil
	Settlements	Nil
	Present value of obligation at end of the year	339.86
		(Rs in lakhs)
		Gratuity (Funded)
iii	Reconciliation of fair value of plan assets	
	Fair value of plan assets beginning of the year	120.31
	Expected return on plan assets	20.16
	Actuarial gain/(loss)	Nil
	Contributions	237.74
	Benefits paid	(51.82)
	Assets distributed on settlement	Nil
	Fair value of plan assets at end of the year	326.39
		(Rs in lakhs)
		Gratuity (Funded)
iv	Net (Asset)/Liability recognised in the Balance Sheet as at year end	
	Present value of obligation at end of the year	339.86
	Fair value of plan assets at end of the year	326.39
	Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	13.47
		(Rs in lakhs)
		Gratuity (Funded)
v	Expenses recognised in the Profit and Loss Account	
	Current Service Cost	18.92
	Interest Cost	24.85
	Expected return on plan assets	(20.16)
	Actuarial (gain) /loss recognised in the period	14.13
	Past Service Cost	Nil
	Curtailment cost	Nil
	Settlement cost	Nil
	Total expenses recognised in the Profit and Loss Account for the year	37.74
	Actual return on plan assets	20.16

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors. This being the first year of implementation of the standard, comparable figures of the previous year have not been disclosed.

24. Related Party disclosure as per Accounting Standard-18 issued by the Institute of Chartered Accountants of India The Company has entered into transactions in ordinary course of business with related parties at arms length as per details below:

(Rs. in Lakhs)

Particulars	Subsidiaries	Key Management Personnel	Holding Company	Enterprises where Key Management Personnel have got significant influence	Total
Sales	354.32 (765.23)	- (-)	- (-)	- (-)	354.32 (765.23)
Sale of Fixed Assets	- (-)	- (-)	- (-)	20.37 (-)	20.37 (-)
Purchase of Fixed Assets	- (0.67)	- (-)	- (-)	- (-)	- (0.67)
Purchase of Goods and Services	- (-)	- (-)	95.40 (67.07) (refer note 2)	4.55 (-)	99.95 (67.07)
Interest Received	- (-)	- (-)	- (109.81)	- (-)	- (109.81)
Interest Paid	- (-)	- (-)	7.81 (-)	2.95 (-)	10.76 (-)
Payment towards service rendered	- (-)	19.68 (17.69)	- (-)	- (-)	19.68 (17.69)
Investments (including advances) made during the year	97.12 (147.33)	- (-)	- (-)	- (-)	97.12 (147.33)
Investments (including advances) received back	49.00 (-)	- (-)	- (-)	- (-)	49.00 (-)
Loans & Advances given	- (0.53)	- (-)	11.88 (-)	- (-)	11.88 (0.53)
Unsecured loan –Received	- (-)	- (-)	- (-)	100.00 (-)	100.00 (-)
Unsecured loan –Repaid	- (-)	- (-)	236.76 (-)	100.00 (-)	336.76 (-)
Loans & Advances received /repayment received	15.00 (16.30)	- (-)	- (6,216.76)	- (-)	15.00 (6,233.06)
Balance outstanding as on 31.03.2008					
-Due From	16.03 (31.03)	- (-)	11.88 (-)	- (-)	27.91 (31.03)
-Due To	- (-)	- (-)	- (236.76)	- (-)	- (236.76)

(Figures in bracket pertain to previous year)

## Notes:

- The remuneration paid to key management personnel Mr. Roy Kurian K K amounts to Rs.19.68 lakhs as per details furnished in Note no:B.12.
- Includes payment towards expenses allocated by Holding Company amounts to Rs.95.40 lakhs as per details furnished in Note no.B.18.
- Names of related parties and description of relationship:
  - Holding Company: Binani Industries Limited
  - Fellow Subsidiary: Binani Cement Limited
  - Subsidiaries : RBG Minerals Industries Ltd, Ess Vee Alloys Pvt Ltd & Binani Energy Private Limited(Formerly Binani Mazak Private Ltd.)
  - Key Management Personnel: Mr Braj Binani, Mr Ibrahim Ali, Mr.Sushil Bhattar, Mr.V.Subramanian, Mr.D.Sundararajan , Mr. Roy Kurian K K and Mr. T. R. C Nair.
  - Transactions with enterprise where Key Management Personnel have got significant influence:

Mr Braj Binani in Binani Metals Ltd, Mr. Sushil Bhattar in RBG Minerals Industries Ltd., Ess Vee Alloys Pvt. Ltd. & Binani Energy Private Limited (Formerly Binani Mazak Private Ltd.), Mr. Ibrahim Ali in RBG Minerals Industries Ltd. & Binani Energy Private Limited (Formerly Binani Mazak Private Ltd.), Mr. V. Subramanian in Binani Energy Private Limited (Formerly Binani Mazak Private Ltd.) & BT Composites Ltd., Mr. D. Sundararajan in Binani Energy Private Limited (Formerly Binani Mazak Private Ltd.) & Binani Cement Ltd. and Mr. T.R.C. Nair in Ess Vee Alloys Pvt. Ltd. & BT Composites Ltd.

25. The company had acquired assets on hire purchase during the previous years. The said assets acquired under hire purchase amounting to Rs. 33.40 lakhs were sold and hire purchase liabilities were liquidated during the year. The company had capitalised the assets at the fair value considering the hire purchase arrangements, which are in the nature of finance lease as defined in Accounting Standard 19 of "Leases". The details are as follows.

(Rs. in Lakhs)

Particulars	Not Later than 1 Year	Later than 1 Year not later than 5 Years	Total
Minimum Installments Payable (MIP)	- (9.54)	- (8.97)	- (18.51)
Present Value of Installments Payable (PVIP)	- (8.51)	- (8.03)	- (16.54)

26. The details of provisions and contingent liabilities are as under (disclosed in terms of Accounting Standard – 29 issued by ICAI):  
Other provisions (disputed electricity demands)

(Rs. in Lakhs)

Balance as at 01.04.2007	Additional provision during the year (net)	Amounts used/ changed during the year	Unused amounts reversed	Balance as at 31.03.2008
2756.27	705.93	Nil	Nil	3462.20

27. The company has undertaken hedging against the risk in commodity prices (zinc prices) through derivative instruments in Multi Commodity Exchange of India Ltd and London Metal Exchange. The gain/losses during the year are recognised in the Profit and Loss Account. There is no derivative instrument outstanding at the Balance Sheet date. The year-end foreign currency exposures (representing amounts payable in foreign currency) as at 31.03.2008 not hedged by derivative instruments, amounts to USD 8.07 million.
28. During the year 2005-06, the company had imported certain Plant & Machinery under EPCG license bearing No.1030000571 dtd.17.05.05 with an export obligation of USD 1081594.71. Export obligation against this license has been fulfilled by Goa Glass Fibre Ltd., a subsidiary of the holding company as per terms of the EPCG licence. The application has been filed with DGFT, Cochin for issuance of discharge certificate, which is awaited.
29. Advances include Rs.15 lakhs (Previous year Rs.30.00 lakhs) recoverable from Ess Vee Alloys Pvt. Ltd, and Rs 1.03 Lakhs (Previous year Rs.1.03 Lakhs) from Binani Energy Private Limited (Formerly Binani Mazak Private Ltd.), both Subsidiary Companies, being the balance outstanding in their current account as on 31.03.2008.
30. The name of small scale industrial undertakings to whom the Company owes any sums together with interest outstanding for more than 30 days :-  
M/S. Asahi Filter Fabrics P Ltd  
M/S. Cochin Refractories & Minerals  
M/S. Hindustan Foundry Pvt Ltd  
M/S. Hightech Engineering Industries  
M/S. Kurwa Rubber And Valves  
M/S. Kaveri Metal Industries  
M/S. Metalfab Engineering
31. As the Company does not have information as to which of its creditors are registered under The Micro, Small and Medium Enterprises Development Act, 2006, no disclosures required by the said Act is given.
32. Previous year's figures have been regrouped / reclassified wherever necessary. Figures in brackets represent figures relating to previous year.

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

**For Varma & Varma**  
Chartered Accountants

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

**Braj Binani**  
Chairman

**Venugopal C. Govind**  
Partner

**Visalakshi Sridhar**  
Company Secretary

**V. Subramanian**  
Director

Membership No. 7230

Place: Kochi  
Date: 21st April, 2008

Place: Mumbai  
Date: 25th April, 2008

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008**

(Rs.in Lakhs)

	For the year ended 31st March 2008	For the year ended 31st March 2007
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit Before Tax</b>	<b>619.52</b>	1,418.03
Adjustments For:		
Depreciation	<b>694.36</b>	664.75
Interest & Finance Charges	<b>1,277.27</b>	1,711.17
(Profit) /Loss on sale of Fixed Assets	<b>1.02</b>	(0.02)
Exchange rate Fluctuation	<b>(616.15)</b>	4.18
Sundry Balances Written Off/ Written Back	<b>(0.49)</b>	9.82
Earlier provision reversed	<b>-</b>	(0.04)
Capital WIP Written Off	<b>19.44</b>	23.28
Interest Income	<b>(356.50)</b>	(548.91)
<b>Operating Profit Before Working Capital Changes</b>	<b>1,638.47</b>	3,282.26
Adjustments For:		
Inventories	<b>10,418.69</b>	(4,874.25)
Trade and Other Receivables	<b>2,739.33</b>	(4,959.47)
Trade & Other Payables	<b>(8,234.68)</b>	7,611.55
	<b>4,923.34</b>	(2,222.17)
<b>Cash Generated from Operations</b>	<b>6,561.81</b>	1,060.09
Direct tax paid	<b>(28.00)</b>	(10.85)
<b>Net Cash from Operating Activities</b>	<b>6,533.81</b>	1,049.24
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	<b>(697.12)</b>	(950.85)
Sale of Fixed Assets	<b>20.96</b>	2.42
Advance/Investment in Subsidiaries	<b>(33.12)</b>	(144.68)
Other Advances	<b>(11.88)</b>	4,757.74
Interest Income Received	<b>247.52</b>	461.08
<b>Net Cash used in Investing Activities</b>	<b>(473.64)</b>	4,125.71
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from other borrowings(net)	<b>(3,006.76)</b>	2,131.76
Proceeds from long term borrowings	<b>3,000.00</b>	9.50
Increase /(Decrease) in bank borrowings	<b>(589.97)</b>	(78.45)
Interest & Finance Charges Paid	<b>(1,277.27)</b>	(1,774.12)
Repayment of term/hire purchase loan	<b>(18.51)</b>	(5,395.36)
	<b>(1,892.51)</b>	(5,106.67)
<b>D Net Increase in cash and cash equivalents.(A+B+C)</b>	<b>4,167.66</b>	68.28
<b>E Opening cash &amp; cash equivalents</b>	<b>391.52</b>	323.24
<b>F Closing cash &amp; cash equivalents (D+E)</b>	<b>4,559.18</b>	391.52

As per our Report of even date attached

For and on behalf of the Board of Directors

**For Varma & Varma**  
Chartered Accountants

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

**Braj Binani**  
Chairman

**Visalakshi Sridhar**  
Company Secretary

**V. Subramanian**  
Director

**Venugopal C. Govind**  
Partner  
Membership No. 7230

Place : Kochi  
Date : 25th April, 2008

Place : Mumbai  
Date : 21st April, 2008

## PART IV BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No.:

9 1 2 1 4

State Code :

2 1

Balance Sheet Date:

3 1 / 0 3 / 2 0 0 8

### 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

1 2 1 1 8 3 7

Total Assets

1 2 1 1 8 3 7

#### SOURCES OF FUNDS

Paid up Capital

6 7 6 1 8 1

Reserves &amp; Surplus

1 4 1 5 5 4

Secured Loans

3 0 0 0 0 0

Unsecured Loans

N I L

Deferred Tax Liability

9 4 1 0 2

#### APPLICATION OF FUNDS

Net Fixed Assets (Including  
Capital Workd in progress)

8 7 4 6 9 0

Investments

3 8 8 5 8

Net Current Assets

2 9 8 2 8 9

Miscellaneous Expenditure

N I L

### IV PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover (net)

4 4 4 8 3 8 3

Total Expenditure

4 7 5 4 4 3 4

Profit / (Loss) Before Tax

6 1 9 5 2

Profit / (Loss) After Tax

3 2 7 2 0

Earnings per Share in Rs.

0 . 4 8

Dividend Rate %

N I L

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

Item Code No. (ITC Code)

7 9 0 1 1 2 0 0

Product Description

Unwrought Zinc

2 8 0 7 0 0 0

Sulphuric Acid

8 1 0 7 1 0 0

Cadmium

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

	Name of the Subsidiary Company	ESS Vee Alloys Pvt. Ltd.	RBG Minerals Industries Ltd.	Binani Energy Pvt. Ltd. (formerly Binani Mazak Pvt. Ltd.)
1	Financial year of the Subsidiary Company ended on	March 31, 2008	March 31, 2008	March 31, 2008
2	Extent of the Holding Company's interest in the Subsidiary			
	Number of Shares	100,000	1,990,000	10,000
		Equity Shares of Rs.10 each	Equity Shares of Rs.10 each	Equity Shares of Rs.10 each
	% Holding (Equity)	100%	100%	100%
				<b>Rupees Lakhs</b>
3	Net aggregate amount of Profits (Losses) of the subsidiary			
	Not dealt with in the Accounts of Binani Industries Limited for the Year ended 31st March 2007			
	For the above Financial Year of the subsidiary so far as they concern members of the Company.	1.01	-	2.56
	For previous years of the subsidiary since it became a subsidiary so far as they concern the members of the Company	19.57	-	(0.26)

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

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

**Braj Binani**  
Chairman

**Visalakshi Sridhar**  
Company Secretary

**V. Subramanian**  
Director

Place : Mumbai

Date : 21st April, 2008

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors take pleasure in presenting the 11<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2008.

**1. FINANCIAL RESULTS**

(Rs. Lakhs)

<b>Particulars</b>	<b>2007-08</b>	<b>2006-07</b>
Sales (Net)	<b>329.13</b>	758.88
Profit /(Loss) before Tax	<b>1.58</b>	28.70
Net Profit / (Loss)	<b>0.94</b>	19.53
Balance of Profit / (Loss) b/f	<b>19.57</b>	0.04
Balance Carried to Balance Sheet	<b>20.51</b>	19.57

**2. BUSINESS REVIEW**

During the year the production and sales were as follows:

Kgs.

	<b>2007-08</b>	<b>2006-07</b>
<b>Production</b>		
Zinc Alloys	<b>2,18,551</b>	3,90,971
Aluminium Alloys & dross	<b>2,556</b>	3,868
<b>Sales</b>		
Zinc Alloys	<b>2,17,374</b>	4,01,159
Aluminium Alloys & dross	-	5,920

**3. FUTURE PROSPECTS**

The company looks forward to consolidate its presence in the Zinc Alloys market and achieve significantly higher capacity utilization.

While high Zinc and Aluminium 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.

**4. DIVIDEND**

In view of the inadequacy of profits, no dividend is recommended.

**5. FIXED DEPOSITS**

The company has not accepted any fixed deposit from the public during the year.

**6. BOARD OF DIRECTORS**

The company being a subsidiary of Binani Zinc Limited, Public Limited Company in terms of section 257 of the companies Act, 1956, Mr. T.R.C. Nair retires by rotation and being eligible, he has offered himself for re-appointment. Mr. Roy Kurian K.K. who was appointed as Additional Director at the meeting of the Board of Directors of the Company held on 28<sup>th</sup> January, 2008 is due to retire at the ensuing 11<sup>th</sup> Annual General Meeting. The Company has already received notice from a member proposing to appoint him as regular Director and the proposal has been placed before you. Mr. Sushil Bhatner resigned as Director on 5<sup>th</sup> March, 2008. The Board places on record appreciation of services rendered by him during his tenure.

**7. AUDITORS' OBSERVATIONS**

No observations are made by the Auditors.

**8. AUDITORS**

M/s P.P. Athavale & Co. Chartered Accountants, retire as Auditors and are eligible for re-appointment. Necessary certificate has been obtained from M/s P.P. Athavale & Co. as per Section 224(1) of the companies Act, 1956.

**9. COMPLIANCE CERTIFICATE**

The Company has obtained a certificate from M/s Uma Lodha & Co, Company Secretaries confirming that the Company has complied with all the provisions of the Companies Act, 1956, as annexed to this report.

**10. PARTICULARS OF EMPLOYEES**

The Company has no employee of the category specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended. The report regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are not applicable to the Company.

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provision of Section 217AA 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 '15' 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 31<sup>st</sup> March, 2008 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 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.
- d) the annual accounts have been prepared on a going concern basis.

**12. ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation and thanks to the various departments of Union Territory of Dadra, Nagar and Haveli and Banks for the support extend by them during the year under review and also look forward to their continued co-operation and support to the Company in future.

By Order of the Board  
**For Ess Vee Alloys Pvt. Ltd.**

**T.R.C. Nair**  
Director

**Roy Kurian K.K.**  
Director

Place : Mumbai

Date : 21<sup>st</sup> April, 2008

**COMPLIANCE CERTIFICATE****TO,****THE MEMBERS  
ESS VEE ALLOYS PRIVATE LIMITED**

I have examined the registers, records, books and papers of Ess Vee Alloys Private Limited as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2008. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers, Statutory Auditor and agents, I certify that in respect of the aforesaid financial year i.e. March 31, 2008.

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company is a private limited company having the minimum prescribed paid-up capital.
4. The Board of Directors duly met 4 (Four) times i.e. on 23<sup>rd</sup> April 2007, 26<sup>th</sup> July 2007, 22<sup>nd</sup> October 2007 and 28<sup>th</sup> January 2008 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minute's Book maintained for the purpose.
5. The Company was not required to close its Register of Members under Section 154 of the Act.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March 2007 was held on 2<sup>nd</sup> July 2007 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. The Company being a private Limited, Section 295 of the act is not applicable.
8. The Company has not entered into any contracts falling within the purview of Section 297 of the Companies Act, 1956.
9. The Company was not required to make any entries in the register maintained under Section 301(1) of the Act. However the Company has made necessary entries in the register maintained as per Section 301(3) indicating the interest of Directors in respect of the Companies and the firms.
10. As there were no instances falling within the preview of Section 314 of the Act, the Company was not required to obtain necessary approvals from the Board of Directors, Members and Central Government as the case may be.
11. The Company has not issued any duplicate share certificates during the financial year.
12. During the year under review:
  - No certificates were received for transfer or any other purpose in accordance with the provision of the Act;
  - No dividend was declared during the financial year.
  - Duly complied with the requirements of Section 217 of the Act.
13. The Board of Directors of the Company is duly constituted. During the year Mr. Murali Subramanian has resigned as Director w.e.f. 21.03.2007, Mr. Roshan K. was appointed as Additional Director w.e.f. 23.04.2007 and Mr. Roy Kurain K.K. was appointed as Additional Director w.e.f. 28.01.2008.
14. The Company has not appointed any Whole-time Director during the financial year.
15. The Company has not appointed any sole-selling agents during the financial year.
16. The Company was not required to obtain necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
17. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
18. The Company has not issued any Equity shares during the financial year under review.
19. The Company has not bought back any shares during the financial year under review.
20. There was no redemption of any preference shares or debentures during the financial year.
21. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
22. The Company has not invited or accepted any deposits falling within the purview of Section 58A during the financial year.
23. The Company, being a private Limited Company, Section 293(1)(d) is not applicable
24. The Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate in compliance

with the provisions of the Act and consequently no entries have to be made in the Register meant for that purpose.

25. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from One State to another during the year under scrutiny.
26. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
29. The Company has not altered its Articles of Association during the financial year under review.
30. There were no prosecutions initiated against or show cause notice received by the Company during the financial year, for offences under the Act.
31. The Company has not received any amount as security from its employees during the year under certification.
32. As explained to me, Provident Fund Act and ESIC Rules are not applicable for the above period.

Sd/-

**UMA LODHA**  
C.P. No. 2593

Place : Mumbai  
Date : 16th April 2008

**ANNEXURE – A**

**REGISTERS MAINTAINED BY THE COMPANY**

- Register of Members under Section 150
- Minutes Book of Meetings
- Books of Accounts under Section 209
- Register of Directors
- Register of Directors Shareholdings under Section 307
- Register of Particulars of Companies and firms in which Directors are interested.

**ANNEXURE – B**

**FORMS AND RETURNS AS FILED BY THE COMPANY WITH THE REGISTRAR OF COMPANIES DURING THE FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2007.**

FORMS/RETURNS	PURPOSE	REMARKS
Balance Sheet Form 23 AC	For the year 2006-2007	Filed vide Receipt no. P15039431 dated 14-12-2007
Compliance Certificate	For the year 2006-2007	Filed vide Receipt no. P15051089 dated 14-12-2007
Annual Return (Form 20B)	For the year 2006-2007	Filed vide Receipt No. P15174170 dated 18-12-2007
Form 32	Resignation of Mr. Murali Subramanian as Director 21.03.2007	Filed vide Challan no. A28228229 dated 19-12-2007
Form 32	Appointment of Mr. Roshan K as Additional Director w.e.f. 23.04.2007	Filed vide Challan no. A28228104 dated 19-12-2007
Form 32	Appointment of Mr. Roshan K as Regular Director w.e.f. 02.07.2007	Filed vide Challan no. A28238947 dated 19-12-2007
Form 32	Appointment of Mr. Roy Kurian K.K. as Additional Director w.e.f. 28.01.2008	Filed vide Challan no. A35700319 dated 15-04-2008
Form 32	Resignation of Mr. Sushil Bhattar as Director 05.03.2008	Filed vide Challan no. A34846378 dated 01-04-2008

Note : The delay caused in filing above forms is mainly due to technical problem at MCA portal as two separate CIN were active due to shifting of Registered Office of the Company from Mumbai to Kolkata and filing of documents was not prevented. The Company has made number of representation as per various letters sent to the Registrar of Companies, Maharashtra, Registrar of Companies, West Bengal and MCA Cell at Gurgaon.

**AUDITORS REPORT TO THE MEMBERS OF M/S ESS VEE ALLOYS PRIVATE LIMITED**

1. We have audited the attached Balance Sheet of ESS VEE ALLOYS PRIVATE LIMITED, as at 31st March , 2008 and also the Profit and Loss Account of the Company 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in 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 (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together " The Order ") issued by the Central Government of India in terms of subsection 4(A) of Section 227 of the Companies Act, 1956, we annexe hereto 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 in paragraph 3 above we state that :
  - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company;
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from directors of the Company , as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with notes to accounts give the information required by the Companies Act 1956 in the manner so required and give a true and fair view :
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008
    - (ii) in the case of the Profit and Loss Account of the profit for the year ended on the date and
    - (iii) in the case of the Cash Flow Statement, for the cash flows for the year ended on that date.

**For P. P. ATHAVALE & CO.**  
Chartered Accountants  
**P.P.Athavale**

**Proprietor**  
**Membership No.: 13113**

Place: Mumbai  
Dated: April 21st, 2008

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ESS VEE ALLOYS PRIVATE LIMITED**

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) All fixed assets have been physically verified by the management during the year. No material discrepancy was noticed on such verification.
- (c) In our opinion and according to the information and explanation given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) Physical verification of inventory has been conducted during the year by the management 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) The Company has neither granted nor taken any loans , secured or unsecured , to /from Companies , Firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 consequently the details relating to loans granted are not 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 the goods and fixed assets and for the sale of goods. During our audit we have not noticed any major weakness in internal control.
- (v) According to the information and explanations given to us, we are of the opinion that there are no transactions to be entered into register in pursuance of Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) As the capital and reserves and turnover are less than prescribed limits the question of Internal Audit system does not arise.
- (viii) On the basis of information and explanations given to us, the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 is not applicable.
- (ix) a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty and Cess and other statutory payments. The Provident Fund scheme is not applicable to the Company.
- b) According to the records and information given to us, there are no dues pending in respect of Sales Tax / Income Tax/ Service Tax / Excise Duty / Custom Duty / Cess and Wealth Tax on account of dispute.
- (x) The Company has no accumulated losses at the end of the financial year. It has not incurred cash losses in the current year and immediately previous year.
- (xi) The Company does not have any borrowings by way of debentures or loans from any Financial Institution and Bank. Therefore, our comment regarding default in repayment of dues is not applicable.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Provisions for special statute applicable to chit fund, nidhi, mutual benefit funds/ societies, are not applicable to the Company.
- (xiv) On the basis of our examination and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from a Bank or Financial Institution.
- (xvi) The Company has not obtained any Term Loan during the year.
- (xvii) We are informed by the management that funds raised on short term basis have not been used fro long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Companies Act 1956.
- (xix) There are no debentures issued by the Company.
- (xx) During the year, the Company has not raised money through public issue.
- (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 year.

**For P. P. ATHAVALE & CO.**  
Chartered Accountants  
**P.P.Athavale**  
Proprietor  
Membership No.: 13113

Place: Mumbai  
Dated: April 21, 2008

**BALANCE SHEET AS AT 31ST MARCH 2008**

(Amount in Rs.)

	Schedule	As at 31st March, 2008	As at 31st March 2007
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUNDS :</b>			
SHARE CAPITAL	1	1,000,000	1,000,000
<b>RESERVES &amp; SURPLUS</b>	2	<b>2,057,913</b>	1,957,010
<b>LOAN FUNDS</b>			
UNSECURED LOAN	3	<u>1,500,000</u>	<u>3,000,000</u>
		1,500,000	3,000,000
<b>DEFERRED TAX LIABILITY (NET)</b>		<b>181,260</b>	153,760
<b>TOTAL</b>		<u><b>4,739,173</b></u>	<u>6,110,770</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
GROSS BLOCK	4	3,232,490	2,852,490
DEPRECIATION		<u>(328,890)</u>	<u>(234,034)</u>
NET BLOCK		2,903,600	2,618,456
<b>CURRENT ASSETS LOANS &amp; ADVANCES</b>			
INVENTORIES	5	1,129,764	1,050,701
SUNDRY DEBTORS		6,017	40,300
CASH & BANK BALANCES		686,063	2,122,749
LOANS & ADVANCES		<u>2,188,620</u>	<u>3,374,720</u>
		<u>4,010,464</u>	<u>6,588,470</u>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
CURRENT LIABILITIES	6	2,026,948	3,013,253
PROVISIONS		<u>149,557</u>	<u>86,121</u>
		<u>2,176,505</u>	<u>3,099,374</u>
<b>NET CURRENT ASSETS</b>		<b>1,833,959</b>	3,489,096
<b>MISCELLANEOUS EXPENDITURE</b>	7	<b>1,614</b>	3,218
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<u><b>4,739,173</b></u>	<u>6,110,770</u>
NOTES ON ACCOUNTS AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FORMING INTEGRAL PART OF ACCOUNTS	14		

As per our Report of even date attached

For and on behalf of the Board of Directors

**For P.P. Athavale & Co.**  
Chartered Accountants

**P.P. Athavale**  
Proprietor  
Membership No. 13113

**T. R. C. Nair**  
(Director)

**Roy Kurian K. K.**  
(Director)

Place : Mumbai  
Date : 21st April, 2008

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

(Amount in Rs.)

P A R T I C U L A R S	Schedule	For the year ended 31.03.2008	For the year ended 31.03.2007
<b>INCOME:</b>			
GROSS SALES	8	37,378,118	88,298,295
LESS : EXCISE DUTY		<u>4,464,959</u>	<u>12,410,707</u>
NET SALES		32,913,159	75,887,588
OTHER INCOME	9	<u>107,531</u>	52,309
<b>TOTAL</b>		<u><u>33,020,690</u></u>	<u><u>75,939,897</u></u>
<b>EXPENDITURE:</b>			
RAW MATERIALS, PACKING MATERIALS AND GOODS CONSUMPTION	10	30,890,822	69,759,749
POWER,FUEL,STORES & REPAIRS	11	571,079	903,831
PAYMENTS AND PROVISION FOR EMPLOYEES	12	697,975	549,669
SELLING & ADMINISTRATION EXPENSES	13	597,855	1,775,473
DEPRECIATION & AMORTISATION		<u>94,856</u>	81,538
<b>TOTAL</b>		<u><u>32,852,587</u></u>	<u><u>73,070,260</u></u>
<b>PROFIT BEFORE TAXATION</b>		<u>168,103</u>	<u>2,869,637</u>
<b>PROVISION FOR TAXATION</b>			
- CURRENT TAX		(29,700)	(752,000)
- DEFERRED TAX		(27,500)	(153,760)
- FRINGE BENEFIT TAX		<u>(10,000)</u>	<u>(11,100)</u>
		<u>(67,200)</u>	<u>(916,860)</u>
<b>PROFIT AFTER TAXATION</b>		<u>100,903</u>	<u>1,952,777</u>
BALANCE BROUGHT FORWARD FROM LAST YEAR		1,957,010	4,233
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u><u>2,057,913</u></u>	<u><u>1,957,010</u></u>
Earning per share (Equity Share, Face value Rs. 10/- each)			
Basic & Diluted (Rs.)		1.01	19.53
Number of shares used in computing earnings per share		100,000	100,000
NOTES ON ACCOUNTS AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FORMING INTEGRAL PART OF ACCOUNTS	14		

As per our Report of even date attached  
For P.P. Athavale & Co.

Chartered Accountants

**P.P. Athavale**  
Proprietor  
Membership No. 13113

Place : Mumbai  
Date : 21st April, 2008

For and on behalf of the Board of Directors

**T. R. C. Nair**  
(Director)

**Roy Kurian K. K.**  
(Director)

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2008**

(Amount in Rs.)

P A R T I C U L A R S	As at 31st March, 2008	As at 31st March 2007
<b>SCHEDULE – 1</b>		
<b>SHARE CAPITAL</b>		
Authorised		
1,00,000 Equity Shares of Rs. 10/- each	<u>1,000,000</u>	<u>1,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
1,00,000 Equity Shares of R s. 10/- each fully paid up	<u>1,000,000</u>	<u>1,000,000</u>
<b>TOTAL</b>	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>
Note : All the shares are held by Holding Company, Binani Zinc Ltd. and its nominees		
<b>SCHEDULE – 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Balance as per Profit and Loss Account	<u>2,057,913</u>	<u>1,957,010</u>
<b>TOTAL</b>	<u><u>2,057,913</u></u>	<u><u>1,957,010</u></u>
<b>SCHEDULE – 3</b>		
<b>UNSECURED LOANS</b>		
From Holding Company :		
Binani Zinc Ltd.	<u>1,500,000</u>	<u>3,000,000</u>
<b>TOTAL</b>	<u><u>1,500,000</u></u>	<u><u>3,000,000</u></u>

**SCHEDULE – 4**

**FIXED ASSETS**

(Amount in Rs.)

	Freehold Land	Building	Plant & Machinery	Total	Total Previous Year
<b>GROSS BLOCK</b>					
As at 1st April 2007	490,594	1,544,049	817,847	2,852,490	2,418,575
Additions during the year	-	380,000	-	380,000	535,115
Sale/Transfers/Adjustments during the year	-	-	-	-	101,200
<b>As at 31 March 2008</b>	<b>490,594</b>	<b>1,924,049</b>	<b>817,847</b>	<b>3,232,490</b>	<b>2,852,490</b>
<b>DEPRECIATION/AMORTISATION</b>					
As at 1st April 2007	-	141,820	92,214	234,034	189,882
Additions during the year	-	56,010	38,846	94,856	81,538
Sale/Transfers/Adjustments during the year	-	-	-	-	37,386
<b>As at 31 March 2008</b>	<b>-</b>	<b>197,830</b>	<b>131,060</b>	<b>328,890</b>	<b>234,034</b>
<b>NET DEPRECIATED BLOCK</b>					
<b>As at 31 March 2008</b>	<b>490,594</b>	<b>1,726,219</b>	<b>686,787</b>	<b>2,903,600</b>	<b>2,618,456</b>
As at 31st March 2007	490,594	1,402,229	725,633	2,618,456	-

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2008**

(Amount in Rs.)

P A R T I C U L A R S	As at 31st March, 2008	As at 31st March 2007
<b>SCHEDULE – 5</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>		
<b>CURRENT ASSETS:-</b>		
<b>INVENTORIES</b> : (at cost or market price whichever is less as certified by Directors)		
Stores & Spares Parts (Net Of Cenvat Credit availed)	229,765	97,094
Raw Materials (Net of Cenvat & VAT Credit availed)	572,876	797,259
Finished Goods	<u>327,123</u>	<u>156,348</u>
	<b>1,129,764</b>	1,050,701
<b>SUNDRY DEBTORS (UNSECURED):</b>		
(Considered good as certified by Directors)		
Debts Outstanding For Period Exceeding Six Months	813	-
Other Debts	<u>5,204</u>	<u>40,300</u>
	<b>6,017</b>	40,300
<b>CASH &amp; BANK BALANCES:-</b>		
Cash In Hand	2,694	26,142
Balance With Scheduled Banks : Current Accounts	<u>683,369</u>	<u>2,096,607</u>
	<b>686,063</b>	2,122,749
<b>LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD):</b>		
Advances Recoverable In Cash or in Kind for value to be recovered	59,850	60,881
Accrued Interest	1,927	1,377
Deposit With Govt. Department	60,790	60,790
VAT Refund Receivable	1,368,941	3,075,950
Advance Income Tax (Net)	120,300	120,300
Advance FBT	28,800	18,800
Balance With Excise Authorities	<u>548,012</u>	<u>36,622</u>
	<b>2,188,620</b>	3,374,720
<b>TOTAL</b>	<u><u>4,010,463</u></u>	<u><u>6,588,470</u></u>

**SCHEDULE – 6**

**CURRENT LIABILITIES AND PROVISIONS**

**CURRENT LIABILITIES :**

Sundry Creditors	1,533,064	2,593,391
Outstanding Liabilities for Expenses	102,028	186,532
Other Liabilities	332,064	150,169
Retention money of Mr. S.J. Shetty	59,792	83,161
	<u>2,026,948</u>	<u>3,013,253</u>

**PROVISIONS**

Provision for Taxation (Net)	29,700	-
Provision for FBT	28,800	18,800
Provision for Gratuity	51,498	41,364
Provision for Leave Encashment	<u>39,559</u>	<u>25,957</u>
	<b>149,557</b>	86,121
<b>TOTAL</b>	<u><u>2,176,505</u></u>	<u><u>3,099,374</u></u>

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2008**

PARTICULARS	(Amount in Rs)			
	As at 31st March, 2008		As at 31st March 2007	
<b>SCHEDULE – 7</b>				
<b>MISCELLANEOUS EXPENDITURE</b>				
(To the extent not written off or adjusted)				
Preliminary Expenses				
As per last Balance Sheet		3,218		4,816
Less : Amortised during the year		1,604	1,614	1,598
			1,614	3,218

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

Particulars	(Amount in Rs.)			
	For the year ended 31.03.2008		For the year ended 31.03.2007	
<b>SCHEDULE – 8</b>				
<b>SALES</b>				
	Qty in Kgs.	Value	Qty in Kgs.	Value
Zinc Alloy Ingots	217,374	37,378,118	401,159	88,166,425
Zinc and Aluminium Dross	-	-	5,920	131,870
	<u>217,374</u>	<u>37,378,118</u>	<u>407,079</u>	<u>88,298,295</u>
<b>SCHEDULE – 9</b>				
<b>OTHER INCOME</b>				
Scrap Sales		-		51,759
Interest on Deposit		550		550
Other Income - Miscellaneous		106,981		-
		<u>107,531</u>		<u>52,309</u>
<b>SCHEDULE – 10</b>				
<b>RAW MATERIALS ,PACKING MATERIALS AND GOODS CONSUMPTION</b>				
Raw Material & Packing Materials Consumed				
Opening Stock	797,259		2,531,113	
Purchases	30,822,866		66,772,770	
Closing Stock	<u>572,876</u>	<u>31,047,249</u>	<u>797,259</u>	68,506,624
(Increase)/Decrease in Finished Goods				
Opening Stock	156,348		1,614,988	
Closing Stock	<u>327,123</u>		<u>156,348</u>	
		(170,775)		1,458,640
Excise Duty on Stock Adjustment		14,348		(205,515)

30,890,822

69,759,749

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

(Amount in Rs.)

Particulars	For the year ended 31.03.2008	For the year ended 31.03.2007
<b>SCHEDULE – 11</b>		
<b>OTHER MANUFACTURING EXPENSES</b>		
Power, Lighting	24,654	19,794
Consumption of Fuel	276,589	478,204
Consumption of Stores & Spares	43,734	67,725
Repairs to Building	-	12,650
Repairs to Machinery	800	26,435
Repairs to Others	6,239	43,012
Labour Charges	219,063	256,011
	<u>571,079</u>	<u>903,831</u>
<b>SCHEDULE – 12</b>		
<b>PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>		
Salaries, Wages and Bonus	635,925	496,607
Contribution to Provident Fund & other funds	10,134	19,614
Staff Welfare Expenses	51,916	33,448
	<u>697,975</u>	<u>549,669</u>
<b>SCHEDULE – 13</b>		
<b>SELLING AND ADMINISTRATION EXPENSES</b>		
Society Charges - Rent	1,600	1,600
Insurance	16,191	13,495
Freight & Handling	4,305	85,086
Printing & Stationery	11,975	14,126
Conveyance & Travelling	32,546	102,921
Audit fees	26,000	26,000
Analysis Charges	1,400	350
Legal expenses	18,972	15,770
Rates & Taxes	510	7,772
Postage & Telephone	47,551	44,034
Bank Interest & charges	172	105,651
Security Charges	84,000	84,000
Selling Commission	323,400	1,057,732
Professional Fees	13,200	5,200
Testing Charges	-	192,824
Miscellaneous Expenses	11,736	17,237
Balances written off	2,693	77
Preliminary expenses written off	1,604	1,598
	<u>597,855</u>	<u>1,775,473</u>

**SCHEDULE OF NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31ST MARCH 2008 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

**SCHEDULE – 14**

- 1 The figures are rounded off to the nearest rupees.
- 2 There is no contingent liability.

	<b>31st March 2008</b>	31st March 2007
3 Licence capacity	<b>Not Applicable</b>	Not Applicable
4 Installed capacity	<b>640 M.T.</b>	1,280 M.T.

The installed capacity has been estimated for 300 single shift working days on one furnace installed. These figures have been certified by the Directors and relied upon by the auditor as it is a technical matter.

5 Production & Sale of finished goods

Product	Opening stock Kg	Production Kg	Sale Kg	Closing stock Kg
Aluminium & Zinc Dross	<b>799</b> (2,851)	<b>2,556</b> (3,868)	- (5,920)	<b>3,355</b> (799)
Zinc Alloys	<b>443</b> (10,631)	<b>218,551</b> (390,971)	<b>217,374</b> (401,159)	<b>1,620</b> (443)

(Figures in bracket pertain to previous year)

6 Particulars regarding raw material consumption

Product	31 <sup>st</sup> March 2008		31 <sup>st</sup> March 2007	
	Quantity	Value	Quantity	Value
	In kg	Rs.	In kg	Rs.
a) Aluminium	<b>9,220</b>	<b>1,251,002</b>	15,673	2,129,608
b) Zinc	<b>210,347</b>	<b>28,839,474</b>	378,791	65,668,867
c) Miscellaneous		<b>956,773</b>		708,149
<b>Total</b>		<b>31,047,249</b>		<b>68,506,624</b>

7. All materials consumed / purchases are from local market and there are no imports. There were no imports during the previous year also.
  - 8 Previous years figures have been regrouped wherever necessary to make them comparable.
  - 9 There were no earnings in Foreign Currency.
  - 10 In few cases, balance confirmation letters from Debtors & Creditors have not been obtained.
  - 11 Depreciation has been provided on straight line basis by adopting the rates prescribed under Schedule XIV of the Companies Act, 1956. The Depreciation has been charged on prorata basis of use.
  - 12 Audit fees include Rs. 6,000/- (previous year Rs. 6,000/-) for tax audit.
  - 13 Deferred tax asset in respect of unabsorbed depreciation 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 31.03.2008 comprises of the following:

	<b>As at 31.03.2008</b>	Amount in Rs. As at 31.03.2007
a) Deferred Tax Liability		
Fixed Assets	<b>214,610</b>	176,420
b) Deferred Tax Asset		
Disallowances under the Income Tax Act, 1961	<b>33,350</b>	22,660
<b>Provision for Deferred Tax Liability (net)</b>	<b>181,260</b>	<b>153,760</b>

**SCHEDULE OF NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31ST MARCH 2008 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

**SCHEDULE – 14 (contd.)**

14 Company operates in single segment i.e. production and sales of Zinc/Alluminium Alloys. The company's entire sales are in India. Hence no additional disclosure under Accounting Standard - 17 "Segment Reporting" are required in these financial statements.

15 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 Binani Zinc Limited, Holding Company as per details below:

Particulars	Amount (Rs.)	Amount (Rs.)
	2007-08	2006-07
Purchase of Zinc (including Excise Duty and VAT)	<b>35,431,864</b>	76,522,730
Sale of Asset	-	66,367
Loan received during the year	-	2,500,000
Loan repaid during the year	<b>1,500,000</b>	4,062,527
Unsecured Loan outstanding at the end of the year	<b>1,500,000</b>	3,000,000

16 As per Agreement dated 16/06/04 with Mr. S.J. Shetty, Unsecured Loans, Current Liabilities, Sundry Debtors and Loans & Advances were transferred and assigned to Mr. S.J. Shetty, of which debtors are transferred to Mr. S.J. Shetty at the end of this financial year. Syndicate bank balance and some amount realised from parties is kept in the company as a retention money towards sales tax assessment dues for the years before 16.06.2004. The balance in these accounts as on 31/03/08 is as follows :

Particulars	Amount (Rs.)
Syndicate Bank Balance	65,996
Realisation from Sundry Debtors pertaining to Mr. S.J. Shetty	50,000
Less : Recoverable from Legal Heirs of Late Mr. S.J. Shetty on account of sales tax dues upto 16.06.2004	56,204
<b>Retention Money of Mr. S.J. Shetty</b>	<b><u>59,792</u></b>

17 NOTES ON ACCOUNTS  
ACCOUNTING POLICY  
GENERAL

These accounts have been prepared on historical cost basis and on the accounting principal of going concern.

- a) All expenses and income to the extent considered payable and receivable respectively unless specifically stated to be otherwise are accounted for on mercantile basis.
- b) Inventory : Raw material and stores are valued at cost of purchases less Cenvat and VAT.  
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.
- c) Sales are stated at gross value less of VAT and discount to customers.
- d) The Purchase cost of raw materials has been considered net of Cenvat.
- e) Leave Encashment liability is provided based on Actuarial Valuation.
- f) The Gratuity Scheme is a defined benefit plan and the liability of accrued gratuity based on actuarial valuation as per Accounting Standard AS 15 (revised) is expensed.

As per our Report of even date attached

**For P.P. Athavale & Co.**  
Chartered Accountants

**P.P. Athavale**  
Proprietor  
Membership No. 13113

Place : Mumbai  
Date : 21st April, 2008

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

**T. R. C. Nair**  
(Director)

**Roy Kurian K. K.**  
(Director)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

(Amount in Rs.)

PARTICULARS	For the year ended 31st March 2008	For the year ended 31st March 2007
<b>Cash Flow From Operating Activities</b>		
<b>Net Profit / (Loss) Before Tax</b>	<b>168,103</b>	2,869,637
Adjustments for:		
Depreciation	<b>94,856</b>	81,538
Interest Income	<b>(550)</b>	(550)
Preliminary Expenses written off	<b>1,604</b>	1,598
Profit on sale of fixed assets	-	-
Operating Profit Before Working Capital Changes	<b>264,013</b>	2,952,223
Adjustments for:		
Inventories	<b>(79,063)</b>	3,307,338
Trade and Other Receivables	<b>1,230,933</b>	188,783
Trade and Other Payables	<b>(962,569)</b>	(1,812,825)
Cash Generated from Operations	<b>453,314</b>	4,635,519
Direct Taxes Paid / Refund (including FBT) (Net)	<b>(10,000)</b>	(900,400)
<b>A Net Cash from Operating Activities</b>	<b>443,314</b>	3,735,119
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	<b>(380,000)</b>	(535,115)
Sale of Fixed Assets	-	63,814
Interest Income Received	-	-
<b>B Net Cash Used in Investing Activities</b>	<b>(380,000)</b>	(471,301)
<b>Cash Flow from Financing Activities</b>		
Increase in Other Borrowings	<b>(1,500,000)</b>	(1,562,527)
Interest & Finance Charges paid	-	-
<b>C Net Cash from Financing Activities</b>	<b>(1,500,000)</b>	(1,562,527)
<b>D Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(1,436,686)</b>	1,701,291
<b>E Opening Cash &amp; Cash Equivalents (Cash and Bank Balances)</b>	<b>2,122,749</b>	421,457
<b>F Closing Cash &amp; Cash Equivalents (D+E) (Cash and Bank Balances)</b>	<b>686,063</b>	2,122,749

As per our separate Report of even date attached

**For P.P. Athavale & Co.**  
Chartered Accountants

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

**P.P. Athavale**  
Proprietor  
Membership No. 13113

**T. R. C. Nair**  
(Director)

**Roy Kurian K. K.**  
(Director)

Place : Mumbai  
Date : 21st April, 2008

**PART IV**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

Registration No.: 

1	1	1	5	4	3
---	---	---	---	---	---

 State Code : 

1	1
---	---

Balance Sheet Date: 

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

**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	7	3	9
---	---	---	---

 Total Assets 

4	7	3	9
---	---	---	---

**SOURCES OF FUNDS**

Paid up Capital 

1	0	0	0
---	---	---	---

 Reserves & Surplus 

2	0	5	8
---	---	---	---

Secured Loans 

N	I	L
---	---	---

 Unsecured Loans 

1	5	0	0
---	---	---	---

Deferred Tax Liability 

1	8	1
---	---	---

**APPLICATION OF FUNDS**

Net Fixed Assets 

2	9	0	4
---	---	---	---

 Investments 

N	I	L
---	---	---

Net Current Assets 

1	8	3	4
---	---	---	---

 Unsecured Loans 

1
---

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

Turnover (net) 

3	2	9	1	3
---	---	---	---	---

 Total Expenditure\* 

3	2	8	5	3
---	---	---	---	---

Profit / (Loss) Before Tax 

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

 Profit / (Loss) After Tax 

1	0	1
---	---	---

Earnings per Share in Rs. 

1	.	0	1
---	---	---	---

 Dividend Rate % 

N	I	L
---	---	---

\* Excluding Extra Ordinary Expenses - 97018

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

**Item Code No. (ITC Code)**

**Product Description**

7	9	0	1	2	0	1	0
---	---	---	---	---	---	---	---

Zinc Alloy Ingots
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7	6	0	1	1	0	1	0
---	---	---	---	---	---	---	---

Aluminium Alloy Ingots
------------------------

7	6	0	2	0	0	9	0
---	---	---	---	---	---	---	---

Aluminium Dross
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## **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 11<sup>th</sup> **Annual Report** together with Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2008.

### **1.0 Review of Operations :**

#### **1.1 Status of Mining Leases**

##### **1.1.1 Ambaji**

- i. GMDC joined RBG for joint exploitation on 01-09-2001 on approval from Govt. of Gujarat vide letter no. GMDC/102001/852/CHH - 1 dt. 13.11.2001.
- ii. The Mine Plan has been approved by the Controller of Mines, IBM, Ajmer on September 27, 2006.
- iii. Ministry of Environment & Forest (MoEF) Clearance:
  - a. MoEF, Government of India on August 23, 2006 gave consent in principle for renewal of mining proposal subject to Compensatory Afforestation (CA), payment of Net Present Value (NPV) etc.
  - b. Environment Clearance obtained from MoEF vide letter No. J-11015/107/2007-IA.II(M) dated July 18, 2007 for 184.98 Ha. (171.430 Ha. forest land). Though in-principle approval for diversification of a 171.430 Ha. forest land was obtained from forest department.
- iv. Forest Land
  - a. GMDC contemplated for reduction in the payment of NPV & CA for 117.90 Ha. (to be utilized for under ground mining) by taking up this to the Empowered Committee of the Supreme Court. The committee recommended to the forest department for 50% reduction in NPV.
  - b. GMDC took up the issue of the reduction in CA for areas ,not worked by open cast based on their own guide lines. This exercise will save about Rs. 11 Crores. The Forest Advisory Committee heard the case twice i.e on 13.02.08 & 28.02.08.
  - c. 100 hectares of compensatory land at Natwarnagar (S.No-353/1) in Savli taluka has been approved by the Govt. of Gujarat on payment of Rs 1,40,14,500/- on September 5, 2007, and final order for the transfer was issued on October 10, 2007. The transferring of the land to the forest department encountered difficulty due to encroachment. It will be executed shortly after evacuation.  
Thus the final order will be obtained from MoEF, after which the renewal of Mining Lease activities will follow.
- v. A presentation was given to Sri C.J. Jose I.A.S, Chairman & Managing Director and Senior executives GMDC, Ahmedabad on January 22, 2008 for Project Parameter with revised cost estimates/analysis, requested for renewal of Ambaji ML and early transfer on the name of RBG to initiate the commencement of the project.

##### **1.1.2 Basantgarh**

- i. The Mining Lease in favour of R.B.G. Minerals Industries Ltd., Udaipur was executed on August 23, 2007 and registered on September 7, 2007.
- ii. The khasara details of proposed site for diversion of nalla were collected to know the land owners for acquisition and negotiation.

##### **1.1.3 Deri Mine**

- i. BIL & RSMML jointly floated RBG in July 1997 to exploit Ambaji Project.
- ii. The Mining Lease Agreement for 63 Ha. near Village Deri has been Executed on June 16, 2007 in favour of Rajasthan State Mines & Minerals Limited, Udaipur & registered on June 22, 2007 at Abu Road, Sirohi.
- iii. After presentation on March 15, 2008; the Managing Director, RSMML asked concerned official to expedite the process of ML transferring & settle all the pending issues in regard to expenditures incurred at Deri Mines.

### **2.0 Beneficiation Plant:**

#### **2.1 Environment Clearance**

- i. Environment Clearance obtained from Ministry of Environment & Forest (MoEF) vide letter No. J-11015/109/2007-IA.II(M) dated February 19, 2008 for Cu.- Pb-Zn ore Beneficiation Plant.
- ii. An application vide RBG/Chappri/Ben./RPCB/08/880 dated February 29, 2008 submitted to Member Secretary, RSPCB, Jaipur for Consent to establish under Air (Prevention & Control of Pollution) Act 1981 and Water (Prevention & Control of Pollution) Act 1974 for 2000 tpd Beneficiation Plant

#### **2.2 Land Acquisition**

The case for allotment of 21 bigha Govt. Land is pending with Collector, Sirohi for forwarding to Revenue Deptt., Jaipur for approval.

#### **2.3 Plant Basic Engineering & Design**

- i. A Basic Engineering Agreement was signed between RBG and M/s Lyntek Incorporated, Denver, USA on June 20, 2006 to provide engineering services for the basic design of the 2000 tpd beneficiation Plant for US \$ 250,000 (United States Dollars Two Hundreds Fifty Thousands only).
- ii. Mandays agreement for Supervision of Engineering, Construction and commissioning on man day's deployment basis.
- iii. Basic Engineering is completed & Offers for procurement of equipment received and evaluated. Orders will be placed on transfer of Deri & Ambaji Mines.

**3.0 Water Dam**

23.31 Hectares of Land is identified as replacement of Forest Land under submergence. DFO shall forward the proposal to State Govt. for inspection shortly.

**4.0 Setting up of a 50,000 Ton Zinc Smelter near to Ambaji mining project**

The metal prices in international market fluctuates and availability/price of the raw material (concentrate) depends on market situation. When there is excess availability of concentrate, the Treatment Charges (TC) becomes high, the smelters get the benefit and when it is scarce, the TC becomes low & the mines get the benefit. To take the advantages of market fluctuations in availability and changes in metal / raw material price, it is beneficial to have a captive smelter to avail the down stream benefits of the finished product.

Board considered the proposal to build a zinc smelter close to mines. The initial envisaged zinc concentrate production at mines will be 60000tpa, enough to produce 30,000tpa zinc metal. The ore bodies are open in depth & laterally, by progressive exploration; the reserves may enhance and thus increasing the mines production. Therefore a smelter of 50000tpa may be considered as a possible capacity.

Other advantages of Pit Head Refining are:

- ä Saving in transportation cost of concentrate to long distances/ transit losses.
- ä Subsidizing of conversion cost by recovery of by products cadmium, sulphur, trace metals etc.
- ä Cheap Power supply due to proposed Power Plant at Nimbri Lignite Mines.

The savings would be :

- Transportation cost of concentrate: 60000 t @ Rs. 3500/t = Rs.21 Cr. /year.
- Transit losses 1.5%, i.e. 900t of concentrate, costing Rs. 4.50Cr.
- Saving on power cost by generating at Nimbri Lignite Mine pit head and then wheeling it through state grid to cement plant and Ambaji Mines. Power cost will be less by Re 1.0 /kwh due to saving lignite transport by 350 kms. The impact on 50000t zinc smelter @ 4500 kw/t will be Rs. 22 Cr. /year.
  - a. A Feasibility Report is being prepared by Mr A . Tamargo Adz, Spain, an expert agency on line to be completed by 15<sup>th</sup>, July, 2008 through:
    - Roaster route
    - 80% Pressure Leaching route by precipitating the Sulphur & 20% through roaster route
  - b. Mr. Bill Crowl of M/s Gustavson, Denver, USA ( Project Manager for original mine planning) was called for discussion on 14.04.2008 for enhancing the mine production, to meet 50,000 zinc refinery raw material. Mr Bill Crowl will submit proposal for this assignment.

**5.0 Directors**

- i. Mr Ibrahim Ali was re-appointed as Managing Director in the board meeting held on 17<sup>th</sup> December, 2007 for a period of 5 years.
- ii. Mr M. L. Mazumdar, I. A. S. (Retd.) was appointed as Director in the Annual General Meeting held on 04.08.2007.
- iii. Mr L. P. Khamesara, General Manager (Projects), RSMML was appointed as additional Director vice Shri R. C. Sharma in the board meeting held on 18.03.2008.
- iv. Mr Sushil Bhattar, Director has resigned from the board w.e.f. 18<sup>th</sup> March, 2008.

**6.0 Particulars under Section 217**

Statement of particular under section 217 (1) (e) regarding conservation of energy and technology absorption are not applicable to the Company at present

**7.0 Foreign Exchange Earnings & Outgo**

Foreign Exchange earned during the year was Nil and Outgo was US\$ 2145 to M/s Gustavson Associates, USA (for Technical Consultancy) travel expenses respectively and US\$ 125,000 to M/s Lyntek Inc., USA (for Basic Engineering Services as per agreement).

**8.0 Particulars of Employees**

None of the employees of the company is covered by the provisions of the section 217(2A) of the Companies Act, 1956.

**9.0 Auditors**

Your directors propose M/s R. K. Pokharana & Co., Chartered Accountants, to be re-appointed as Statutory Auditors of the Company till the conclusion of the next Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1) of the Companies Act, 1956.

**10.0 Compliance Certificate Report**

In accordance with Section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules 2001, the Company has to obtain a certificate from a Secretary in whole time practice confirming that the Company has complied with all the provisions of the Companies Act, 1956. Accordingly, the Company has received a Compliance Certificate from a Company Secretary in Whole-time Practice to comply with the provisions of the Companies Act, 1956.

**11.0 Allotment of Equity Shares**

No shares were allotted during the year.

**12.0 Transfer of Shares**

No shares were transferred during the year.

**13.0 Directors' Responsibility Statement**

Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors state that:

- 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;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year ended 31.03.2008;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting fraud and other irregularities;
- The Directors had prepared the Annual Accounts on a going concern basis.

**14.0 Acknowledgements**

Your Directors wish to place their appreciation and thanks to RSMML, GMDC and various departments of State and Central Government for the support extended by them during the year under review and also look forward to their continued co-operation and support to the company in future.

Your Directors also acknowledge the sustained support from all concerned.

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

Place : Udaipur  
Date : April 15, 2008

**(Ibrahim Ali)**  
Managing Director

**(Ram Mohan)**  
Director

**SECRETARIAL COMPLIANCE CERTIFICATE  
FORM (SEE RULE-3)  
COMPANIES (COMPLIANCE CERTIFICATE) RULES, 2001**

CIN : U27101RJ1997PLC014021

Nominal Capital : Rs. 2,00,00,000/-

To,  
The Members,  
R.B.G. Minerals Industries Limited  
17-A , Old Fatehpura, Near Sewa Mandir,  
Udaipur (Raj)

I have examined the Register, records, books and papers of **R.B.G. Minerals Industries Ltd.** as required to be maintained under the Companies Act 1956 (The Act ) and the rules made there under and also the provisions contained in the Memorandum and Article of Association of the company for the financial year ended on **31<sup>st</sup> March 2008**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of aforesaid financial year :

- 1 The company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provision of the Act and rules made there under and all entire therein have been duly recorded.
- 2 The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the registrar of companies, Regional Director, Central Government, Company Law Board or other Authorities within the time prescribed under the Acts and rules made there under.
- 3 The company being a Limited company has the minimum prescribed paid up capital.
- 4 The Board of Directors duly met **4** times respectively on **21.04.07, 06.07.07, 17.12.07 and 18.03.08** in respect of which meetings proper notices where given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Books maintained for the purpose.
5. The company was not required to close its Register of Members or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on **31.03.2007** was held on **04.08.2007** after giving due notice to the members of the company and the resolutions passed there at were duly recorded in the Minutes book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year.
8. The company has not advanced any loan or given any guarantee or provide any security to its Directors and/or Persons or Firms or Companies referred under section 295 of the act.
9. The company has duly complied with the provisions of section 297 of the Act in respect of the contracts specified in that section.
10. The company has made necessary entire in the register maintained under section 301 of the Act.
11. As there were no instances falling with in the purview of section 314 of the Act. The company has not obtained any approvals from the board of directors, members or central Government.
12. The company has not issued duplicate share certificates during the financial year.
13. The company has:
  - (i) not allotment, transfer and transmission of securities during the financial year.
  - (ii) The company has not deposited any amount in a separate bank account as no dividend including interim dividend was declared during the financial year.
  - (iii) The company was not required to post warrants to any member of the company as no dividend was declared during the financial year.
  - (iv) The company was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued there on which have remained unclaimed or unpaid for a period of seven year to Investor Education and protection Fund (applicable when rules are notified).
  - (v) Duly complied with the requirements of section 217 of the Act.
14. The Board of directors of the company is duly constituted. The appointment of Director has been duly made during the financial year. Appointment of Additional Director during the financial year.
15. The company has reappointment Managing Director during the financial year.
16. The company has not appointed any sole – selling agents during the year.
17. The company was not required to obtain any approval of the Central Government, company Law Board, Regional Director, Registrar of such other authorities as prescribed under the various provision of the Act.
18. The directors have disclosed their interest in other firm/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any shares, debentures or other securities during the financial year.

20. The company has not bought back any shares debentures during the financial year ending 31<sup>st</sup> March 2008.
21. The company has not issued Preference Share/Debentures, accordingly no redemption of Preference Share/Debentures made during the financial year.
22. There was no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. As per explanations received the company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58 A during the financial year.
24. The amount borrowed by the company from Directors, Members, Public Financial Institutions, Banks and others during the financial year ended on 31<sup>st</sup> March 2008 is/are within the borrowing limit of the company.
25. The company has not made any loans or advance or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association during the financial year.
31. There was / were no prosecution initiated against or show cause notices receive by the company and no fines or penalties or any other punishment was imposed on the company during financial year, offences under the Act.
32. **The company has not received any money as security from its employees during financial year.**
33. **As per explanations given the provisions of Employees provident fund act is not applicable to the company during the financial year.**

**(DEEPAK VIJAYWARGEY)**

Place : Udaipur  
Date : 15.04.2008

A.C.S. No. 18221  
C. P. No. 6321

## **ANNEXURE 'A'**

**Name of Company : R.B.G. Mineral Industries Limited**  
**CIN : U27101RJ1997PLC014021**  
**Authorised Capital : Rs. 2,00,00,000/-**  
**Paid Up Capital : Rs. 1,99,00,000/-**

- (1) Details of statutory registers maintained
  - (a) Register of Members u/s 150
  - (b) Copies of Annual Returns u/s 159 & 160
  - (c) Minutes Book of Board Meetings U/s 193
  - (d) Minutes Book of General Meetings U/s 193(1)
  - (e) Books of Accounts
  - (f) Register of Contracts u/s 301
  - (g) Register of Directors etc. u/s 303
  - (h) Register of Director's Shareholding u/s 307
- (2) Details of other registers maintained
  - (a) Register of Transfers
  - (b) Register of Fixed Assets

## **ANNEXURE 'B'**

**Name of Company : R.B.G. Mineral Industries Limited**  
**CIN : U27101RJ1997PLC014021**  
**Authorised Capital : Rs. 2,00,00,000/-**  
**Paid Up Capital : Rs. 1,99,00,000/-**

Forms and Returns as filed with the Register of Companies, Regional Director, Central Government authorities during the financial year ending on 31<sup>st</sup> March 2008.

S.No.	Form no/Return	Filed U/S	Date of Documents	Date of filling	Whether filed within prescribed time	If delay in filling whether requisite additional fee paid
1.	Balance Sheet	220(1)	31.03.2007	21.08.2007	YES	N/A
2.	Compliance Certificate	383A(1)	31.03.2007	21.08.2007	YES	N/A
3.	Annual Return	159(1)	04.08.2007	21.08.2007	YES	N/A
4.	Form-32	303(2)	04.08.2007	25.08.2007	YES	N/A
5.	Form-23	192	17.12.2007	15.01.2008	YES	N/A
6.	Form-32	303(2)	17.12.2007	15.01.2008	YES	N/A
7.	Form-25C	269(2)	17.12.2007	15.01.2008	YES	N/A
8.	Form-32	303(2)	18.03.2008	29.03.2008	YES	N/A

Forms and returns as filed by the company with Regional Director during the financial year ending 31<sup>st</sup> March 2008.

NIL

Forms and returns as filed by the company with Central Government during the financial year ending 31<sup>st</sup> March 2008.

NIL

Forms and returns as filed by the company with other authorities during the financial year ending 31<sup>st</sup> March 2008.

NIL

**(DEEPAK VIJAYWARGEY)**

Place : Udaipur

A.C.S. No. 18221

Date : 15.04.2008

C. P. No. 6321

**AUDITOR'S REPORT TO THE MEMBERS OF  
R.B.G. MINERALS INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of **R.B.G. MINERALS INDUSTRIES LIMITED** as at 31<sup>st</sup> March, 2008 and Profit & Loss A/c, Statement of Preoperative Expenditure 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.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

As required by the Companies (Auditor's 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.

Further to our comments in the Annexure referred to above, we state that :

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as it appears from our examination of such books.
- (iii) The Balance Sheet, Statement of Preoperative Expenditure & Cash Flow Statement dealt with report are in agreement with the books of account.
- (iv) In our Opinion, Balance Sheet, Statement of Preoperative expenditure & Cash Flow statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
- (v) According to the information and explanations given to us and on the basis of representations from the Directors of the Company and taken on record by the Board, we report that none of the Directors of the Company is disqualified as on March 31, 2008 from being appointed as Director under section 274 (1) (g) of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and explanations given to us, the annexure statement of accounts read together with the `Notes on Accounts' thereon, given the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
  - (a) in the case of Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2008.
  - (b) in the case of the Profit & Loss a/c, Statement of Pre-operative expenses & Cash Flow Statement, give a true and fair view of the Cash Flows for the year ended on that date.

For **R. K. POKHARANA & CO.**

CHARTERED ACCOUNTANTS

**(R. K. POKHARANA)**

PROPRIETOR

Membership No. 71644

PLACE : UDAIPUR

DATE : 15th April 2008

**ANNEXURE TO THE AUDITORS REPORT REFERRED TO IN PARA 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF R.B.G. MINERALS INDUSTRIES LTD., UDAIPUR ON THE ACCOUNTS FOR THE YEAR END ON 31ST MARCH, 2008**

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on verification.
- (c) No Substantial part of the fixed assets were disposed off and it has not affected the going concern.
- ii) As explained to us the Company does not have any inventory. Further since the Company is not having any inventory the question of verification does not arise.
- iii) The Company has not granted or taken any loans secured or unsecured to / from the Companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act. As no loans were granted or taken clause (b) (c) & (d) are not attracted.
- 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 business with regard to purchase of equipment & other assets.
- v) The Company has not purchased / sold any goods & material form / to any party during the year, accordingly the clause relating to purchase / sales in excess of Rs. 5,00,000/- (Rs. Five lacs) or more from the parties listed under section 301 is not applicable.
- vi) The Company has not accepted deposits from public in terms of section 58 A of the Companies Act, 1956.
- vii) The Company has internal audit system commensurate with its size and nature of its business.
- viii) As per explanations given to us, the central government has not prescribed maintenance of costs records u/s 209 (1) (d) of the companies Act. 1956.
- ix) (a) As explained to us the Company is regularly depositing statutory dues with appropriate authorities. Further there is no outstanding statutory due for more than six months.
- (b) As explained to us there is no disputed liability of Sales Tax / Income Tax / custom duty / Wealth Tax / Excise duty.
- x) The Company has not yet started business and therefore all the expenses incurred are kept in preoperative expenses pending for allocation and no accumulated losses are there.
- xi) As explained to us, Company has no liability of Financial institution or Bank or debenture holders hence no default in repayment of dues.
- xii) The Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provision of any special statute applicable to chit fund are not attracted.
- xiv) As explained to us, Company is not dealing or trading in Shares, Securities, debentures and other investments.
- xv) As explained to us, the Company has not given any guarantee for loans taken by others from bank or financial institution.
- xvi) No term loans were obtained.
- xvi) As explained to us, there has been no unserviceable and damaged stores and raw material.
- xviii) In our opinion funds raised for short term / long term have been used respectively.
- xix) No debenture were issued.
- xx) The Company has not raised money by public issue.
- xxi) No fraud on or by the Company has been noticed or reported during the year.

For **R. K. POKHARANA & CO.**

CHARTERED ACCOUNTANTS

**(R. K. POKHARANA)**

PROPRIETOR

Membership No. 71644

PLACE : UDAIPUR

DATE : 15th April 2008

**BALANCE SHEET AS AT 31ST MARCH 2008**

(Amount in Rs.)

	Schedule	As at 31st March 2008	As at 31st March 2007
<b>SOURCE OF FUNDS :</b>			
1. SHAREHOLDERS FUND:			
Share Capital	A	19,900,000.00	19,900,000.00
Share Application Money		14,269,297.39	4,557,153.21
		<u>34,169,297.39</u>	<u>24,457,153.21</u>
2. LOAN FUNDS			
Secured Loans		-	-
Unsecured Loans		-	-
		-	-
3. DEFERRED TAX LIABILITY		-	-
<b>TOTAL</b>		<u><u>34,169,297.39</u></u>	<u><u>24,457,153.21</u></u>
<b>APPLICATION OF FUNDS:</b>			
1. INVESTMENT	B	3,000.00	-
2. FIXED ASSETS	C		
Gross Block		2,657,540.00	2,396,395.00
Less : Depreciation		337,024.00	317,336.00
Net Block		<u>2,320,516.00</u>	<u>2,079,059.00</u>
3. PREOPERATIVE EXPENDITURE (Pending allocation)	D	29,566,311.08	20,016,776.00
4. CURRENT ASSETS, LOANS & ADVANCES	E	2,270,818.31	2,432,412.21
Less: CURRENT LIABILITIES AND PROVISION	F	99,128.00	178,874.00
		<u>2,171,690.31</u>	<u>2,253,538.21</u>
5. MISCELLANEOUS EXP. (To the extent not written off or adjusted)		107,780.00	107,780.00
<b>TOTAL</b>		<u><u>34,169,297.39</u></u>	<u><u>24,457,153.21</u></u>

**NOTES ON ACCOUNTS**

G

**NOTE: SCHEDULES REFERRED ABOVE FORMS AN INTEGRAL PART OF THE ACCOUNTS**

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR & ON BEHALF OF THE BOARD

For **R. K. POKHARANA & CO.**  
CHARTERED ACCOUNTANTS

**(IBRAHIM ALI)**  
MANAGING DIRECTOR

**(R.K. POKHARANA)**  
PROPRIETOR

**(RAM MOHAN)**  
DIRECTOR

PLACE : UDAIPUR  
DATE : 15th April 2008

(Amount in Rs.)

31st March 2008 31st March 2007

**SCHEDULE `A`**

**SHARE CAPITAL**

AUTHORISED :

20,00,000 Equity Shares of Rs. 10/- each

<b>20,000,000.00</b>	10,000,000.00
<u><b>20,000,000.00</b></u>	<u>10,000,000.00</u>

ISSUED, SUBSCRIBED & PAID UP :

1,990,000 Equity Shares of Rs. 10/- each

<b>19,900,000.00</b>	19,900,000.00
----------------------	---------------

(All Shares held by Binani Zinc Ltd. & its nominees)

Share Application Money

<b>14,269,297.39</b>	4,557,153.21
<u><b>14,269,297.39</b></u>	<u>4,557,153.21</u>

**SCHEDULE `B`**

**INVESTMENTS**

National Saving Certificate

3,000.00	-
----------	---

(Pledged - Sales Tax Deptt.)

<u>3,000.00</u>	<u>-</u>
-----------------	----------

**SCHEDULE `C`**

**FIXED ASSETS**

(Amount in Rs.)

PARTICULARS	GROSS AMOUNT			DEPRECIATION			NET AMOUNT		
	AS AT 1-Apr-07	ADDITION / DELETION	AS AT 31-Mar-08	AS AT 1-Apr-07	FOR THE YEAR	ADJUST- MENTS	AS AT 31-Mar-08	AS AT 31-Mar-08	AS AT 31-Mar-07
LAND	1,967,540.00	261,145.00	<b>2,228,685.00</b>	-	-	-	-	<b>2,228,685.00</b>	1,967,540.00
MAPS & PERIODICALS	275,755.00	-	<b>275,755.00</b>	198,983.00	10,679.00	-	<b>209,662.00</b>	<b>66,093.00</b>	76,772.00
SURVEY INSTRUMENTS	67,600.00	-	<b>67,600.00</b>	48,858.00	2,607.00	-	<b>51,465.00</b>	<b>16,135.00</b>	18,742.00
COMPUTER	85,500.00	85,500.00	<b>69,495.00</b>	6,402.00	75,897.00	9,603.00	<b>16,005.00</b>		
VEHICLES	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,396,395.00</b>	<b>261,145.00</b>	<b>2,657,540.00</b>	<b>317,336.00</b>	<b>19,688.00</b>	<b>-</b>	<b>337,024.00</b>	<b>2,320,516.00</b>	<b>2,079,059.00</b>
PREVIOUS YEAR	925,350.00	1,471,045.00	<b>2,396,395.00</b>	555,907.00	59,159.00	(297,730.00)	<b>317,336.00</b>	<b>2,079,059.00</b>	369,443.00

**SCHEDULE `D`**

**PREOPERATIVE EXPENDITURE**

(Pending Allocation)

(Amount in Rs.)

31st March 2008 31st March 2007

Balnce b/f	<b>20,016,776.00</b>	12,273,705.64
Payment & Provision for Employees	-	-
Audit fee	<b>5,618.00</b>	5,612.00
Advertisement	<b>13,516.00</b>	131,602.00
Bank Charges & Commission	<b>16,887.90</b>	22,270.36
Consultancy fees	<b>1,195,419.00</b>	791,016.00

**SCHEDULE `D` (Contd.)**

Consultancy fees (Foreign)	7,641,847.00	5,710,116.00
Depreciation	19,688.00	59,159.00
Entertainment Expenses	-	14,318.00
Legal & other Expenses	26,534.00	94,133.00
Membership & Subscription	-	1,000.00
Newspaper, Books & Periodicals	-	405.00
Office expenses	95,817.18	72,619.00
Postage & Telephone expenses	21,153.00	23,900.00
Printing & Stationery	31,678.00	60,326.00
Exp. On Beneficiation Plant	36,000.00	-
Environmental Clearance (Cons.)	126,405.00	570,826.00
Sitting Fees	7,500.00	-
Travelling expenses	301,613.00	399,782.00
Mining Plant / Lease : Basantgarh Mine	24,620.00	-
Fringe Benefit Tax	6,411.00	9,173.00
Profit on Sale of Assets (Net)	-	(203,735.00)
Interest on F.D.R.	(21,172.00)	(19,452.00)
	<u>29,566,311.08</u>	<u>20,016,776.00</u>

**SCHEDULE `E`**

**CURRENT ASSETS, LOANS & ADVANCES**

(Amount in Rs.)

	31st March 2008	31st March 2007
<b>A. CURRENT ASSETS :</b>		
<b>1. INVENTORIES</b>	-	-
(As taken valued and certified by the management at cost or market price whichever is less)		
<b>2. SUNDRY DEBTORS :</b>		
(Unsecured Considered good)		
i. Outstanding for a period exceeding six months	-	-
ii. Others	-	-
	<u>-</u>	<u>-</u>
<b>3. CASH &amp; BANK BALANCES</b>		
Cash in hand	17,017.00	25,414.00
Balance with Scheduled Bank	1,734,930.31	1,692,010.21
	<u>1,751,947.31</u>	<u>1,717,424.21</u>
<b>TOTAL `A`</b>	<u>1,751,947.31</u>	<u>1,717,424.21</u>
<b>B. LOANS &amp; ADVANCES :</b>		
(Unsecured & Considered good)		
Advance recoverable in cash or in kind or for value to be recd.		
Advance to Contractors	-	195,600.00
T.D.S. / Income Tax	4,104.00	1,985.00
Fringe Benefit Tax	7,367.00	10,003.00
Security Deposits	507,400.00	507,400.00
<b>TOTAL `B`</b>	<u>518,871.00</u>	<u>714,988.00</u>
<b>TOTAL (A+B)</b>	<u>2,270,818.31</u>	<u>2,432,412.21</u>

(Amount in Rs.)

	31st March 2008	31st March 2007
<b>SCHEDULE 'F'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors for Goods Supplied and Services rendered	11,899.00	80,190.00
Professional fees Payable	-	-
Audit fees Payable	5,618.00	5,612.00
T.D.S. Payable	-	8,699.00
	<u>17,517.00</u>	<u>94,501.00</u>
<b>PROVISIONS</b>		
FBT Provision	6,411.00	9,173.00
Provision for Leave Encashment	75,200.00	75,200.00
	<u>81,611.00</u>	<u>84,373.00</u>
	<u>99,128.00</u>	<u>178,874.00</u>

**SCHEDULE 'G'**

**NOTES ON ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounts are prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provision of the companies Act, 1956 as adopted consistently by the Company.

**2. FIXED ASSETS**

Fixed Assets are stated at Cost.

**3. DEPRECIATION**

Depreciation on fixed assets has been provided under written down value (w dv) method at the rates prescribed as per the Schedule XIV to the Companies Act, 1956.

**4. RECOGNITION OF INCOME & EXPENDITURE**

All income and expenditure are accounted on accrual basis.

5. The Company is formed to conduct exploration & mining of Base Metals & Minerals. Till date no mining operation or production activities are undertaken by the Company. In view of this, no profit & Loss account is being prepared. The expenditure incurred till date has been treated as preoperative expenditure. The break – up of Pre – operative expenses as on 31.03.2008 is as follows :

(Rupees)

S.No	Particulars	As on	As on
		31st March 2008	31st March 2007
1.	Preoperative Expenditure	2,95,66,311.08	2,00,16,776.00
2.	Miscellaneous Expenditure	1,07,780.00	1,07,780.00
		<u>2,96,74,091.08</u>	<u>2,01,24,556.00</u>

**6. REMUNERATION TO AUDITORS**

	2007-2008	2006-2007
Audit fees (Rs.)	5618.00	5612.00

7. Earnings / Outgo in Foreign Exchange during the year :

(Rupees)

Particulars	2007-08	2006-07
Earnings (Net)	Nil	Nil
Outgo (Net)		
Tech.Consultancy / Basic Engg.	53,20,614.00	51,13,122.00
Travel & Other Exp.	-	68,309.00

8. Related Party disclosure as per AS 18 issued by the Institute of Chartered Accountant of India :-

The Company has entered into transactions in ordinary course of business with Binani Zinc Ltd., Holding Company as per details below :-

(Rupees)

Particulars	2007-08	2006-07
Share Application money received during the year	9,712,144.18	9,832,135.00
Balance in Share Application Money as on 31.03.2008	14,269,297.39	4,557,153.21

9. Previous year's figures have been regrouped / reclassified wherever necessary.

10. The Company has not started business and therefore Deferred Tax Assets / Liability as per Accounting Standard 22 and Segment disclosure as per Accounting Standard 17 are not applicable.

SIGNATURE TO SCHEDULE 'A' TO 'G'

AS PER OUR REPORT OF EVEN DATE ATTACHED

**For R. K. POKHARANA & CO.**  
CHARTERED ACCOUNTANTS

**(R.K. POKHARANA)**  
PROPRIETOR

PLACE : UDAIPUR  
DATE : 15th April 2008

**FOR & ON BEHALF OF THE BOARD**

**(IBRAHIM ALI)**  
MANAGING DIRECTOR

**(RAM MOHAN)**  
DIRECTOR

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

(Amount in Rupees)

	<b>PARTICULARS</b>	<b>For the Year ended 31st March 2008</b>	<b>For the Year ended 31st March 2007</b>
	<b>Cash Flow From Operating Activities</b>		
	Net Profit Before Tax	--	--
	Operating Profit Before Working Capital	--	--
	<b>Charges Adjustment for :</b>		
	Trade and other Receivables	<b>1,96,117.00</b>	(2,07,588.00)
	Trade and other Payable	<b>(73,335.00)</b>	93,932.00
	Cash Generated from Operations	<b>1,22,782.00</b>	(1,13,656.00)
	Direct Taxes Paid (including FBT)	<b>(6,411.00)</b>	-9,173.00
<b>A.</b>	<b>Net Cash from Operating Activities</b>	<b>1,16,371.00</b>	(1,22,829.00)
	Cash Flow from Investing Activities		
	- Purchase of Fixed Assets/Preoperative Expenditure	<b>(98,15,164.08)</b>	(98,74,638.36)
	- Sale of Fixed Assets	--	4,02,500.00
	- Interest Income received	<b>21,172.00</b>	19,452.00
<b>B.</b>	<b>Net Cash Used in Investing Activities</b>	<b>(97,93,992.08)</b>	(94,52,686.36)
	Cash Flow from Financing Activities		
	- Proceeds from Share Capital/ Share Application Money	<b>97,12,144.18</b>	98,32,135.00
	- Increase in other Borrowings	--	--
	- Interest & Finance Charges paid	--	--
<b>C.</b>	<b>Net cash from Financing Activities</b>	<b>97,12,144.18</b>	98,32,135.00
<b>D.</b>	<b>Net Increase/(Decrease) in cash &amp; cash Equivalents (A+B+C)</b>	<b>34,523.10</b>	2,56,619.64
<b>E.</b>	<b>Opening Cash &amp; Cash Equivalents (Cash and Bank Balances)</b>	<b>17,17,424.21</b>	14,60,804.57
<b>F.</b>	<b>Closing Cash &amp; Cash Equivalents (D+E) (Cash and Bank Balances)</b>	<b>17,51,947.31</b>	17,17,424.21

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR &amp; ON BEHALF OF THE BOARD

For **R. K. POKHARANA & CO.**  
CHARTERED ACCOUNTANTS**(IBRAHIM ALI)**  
MANAGING DIRECTOR**(R.K. POKHARANA)**  
PROPRIETOR**(RAM MOHAN)**  
DIRECTORPLACE : UDAIPUR  
DATE : 15th April 2008

**PART IV**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

Registration No. 

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

 State Code : 

1	7
---	---

  
 Balance Sheet Date 

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

**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 

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

 Total Assets 

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

**SOURCES OF FUNDS**

Paid up Capital 

1	9	9	0	0
---	---	---	---	---

 Reserves & Surplus 

N	I	L
---	---	---

  
 Share Application Money 

1	4	2	6	9
---	---	---	---	---

  
 Secured Loans 

N	I	L
---	---	---

 Unsecured Loans 

N	I	L
---	---	---

**APPLICATION OF FUNDS**

Net Fixed Assets 

2	3	2	0
---	---	---	---

 Investments 

3
---

  
 Net Current Assets 

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

 Misc. Expenditure 

1	0	8
---	---	---

  
 Accumulated Losses 

N	I	L
---	---	---

 Pre-operative Expenses 

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

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

Turnover (net) 

N	I	L
---	---	---

 Total Expenditure 

N	I	L
---	---	---

  
 Profit / (Loss) Before Tax 

N	I	L
---	---	---

 Profit / (Loss) After Tax 

N	I	L
---	---	---

  
 Earnings per Share in Rs. 

N	I	L
---	---	---

 Dividend Rate % 

N	I	L
---	---	---

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

Item Code No. (ITC Code)	Product Description
N . A .	N . A .

**FOR & ON BEHALF OF THE BOARD**

**For R. K. POKHARANA & CO.**  
CHARTERED ACCOUNTANTS

**(IBRAHIM ALI)**  
MANAGING DIRECTOR

**(R.K. POKHARANA)**  
PROPRIETOR

**(RAM MOHAN)**  
DIRECTOR

PLACE : UDAIPUR  
DATE : 15th April 2008

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors take pleasure in presenting the Eleventh Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2008

**FINANCIAL RESULTS**

	(Rupees)	
<b>Particulars</b>	<b>2007- 08</b>	<b>2006 - 07</b>
Interest Income/Sales	<b>386,548</b>	14,354
Profit/(Loss) before Tax	<b>359,846</b>	(5,735)
Provision for Tax	<b>103,884</b>	Nil
Profit / (Loss) after Tax	<b>255,962</b>	(5,735)
Balance of Profit / (Loss) b/f	<b>(25,993)</b>	(20,258)
Balance Carried to Balance Sheet	<b>229,969</b>	(25,993)

**BUSINESS REVIEW AND CHANGE OF NAME**

The Company's proposal to set-up a Joint Venture with M/s. Mazak International Limited could not be persuaded as the commercial issues between the Joint Venture Partners could not be resolved. Consequently it was decided to extinguish the Joint Venture. The entire remittance of Rs.50 Lakhs received from M/s. Mazak International Limited was returned to them and the part of the amount received from Binani Zinc Limited, the holding Company was also returned.

Since the alloy business could not be undertaken, the Board of Directors decided to pursue the business of dealing in generation and distribution of electricity and other related matters. Consequently, the Memorandum of Association of the Company was changed to undertake activities relating to generation of electricity. The Company's name was also changed to Binani Energy Pvt. Limited as per the fresh Certificate of Incorporation consequent upon change of name received from the Registrar of Companies with effect from 11<sup>th</sup> April, 2008.

**DIVIDEND**

In view of the losses incurred, no dividend is recommended.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposits from the public during the year.

**BOARD OF DIRECTORS**

Mr. Sushil Bhattar resigned as Director on 5<sup>th</sup> March, 2008. The Board places on record appreciation of services rendered by him during his tenure.

Mr. Roshan K. is due to retire at the ensuing Annual General Meeting and being eligible, he has offered himself for re-appointment.

Mr. Roy Kurian K.K. was appointed as an Additional Director w.e.f. 28.01.2008 and Mr. V. Subramanian was appointed as an Additional Director w.e.f. 07.03.2008 who will hold their offices upto the date of the ensuing Annual General Meeting and the Company has already received notices from a shareholder along with a deposit of Rs.500/- proposing their appointment as regular Director which has already been placed before you for your approval.

**AUDITORS' OBSERVATIONS**

No observation are made by the Auditors

**AUDITORS**

M/s. R.P. Ladha & Associates, Chartered Accountants, retire as Auditors and are eligible for re-appointment. Necessary certificate has been obtained from M/s. R.P. Ladha & Associates, as per Section 224(1) of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES**

The Company has no employee of the category specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules 1975 as amended. The report regarding conservation of energy, technology absorption, foreign exchange earning and outgo are not applicable to the Company.

**Binani Energy Private Limited**  
(Formerly Binani Mazak Private Limited)



**DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of 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, has been furnished.
- b) Accounting policies as listed in Schedule '8' 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 31<sup>st</sup> March, 2008 and of the loss 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 their irregularities;
- d) The annual accounts have been prepared on a going concern basis

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation and thanks to the various Government departments for the support extended by them during the year under review and also look forward to their continued co-operation and support to the Company in future.

By Order of the Board

**For Binani Energy Private Limited**

(Formerly known as Binani Mazak Private Limited)

**V. Subramanian**

Director

**Roy Kurian K. K.**

Director

Place : Mumbai

Date : 21st April, 2008

## **AUDITORS' REPORT**

We have audited the attached Balance Sheet of **BINANI ENERGY PRIVATE LIMITED (FORMERLY : BINANI MAZAK PRIVATE LIMITED )** as at 31st March 2008 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

We further report that :-

- a.) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet & Profit & Loss Account & Cash Flow Statement referred to in this report are in agreement with the books of accounts.
  - d) In our opinion and to the best of our information and according to the explanations given to us, the Profit & Loss Account and Balance Sheet & Cash Flow Statement are prepared in accordance with the Accounting Standards referred to in sub –section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub –section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account & Cash Flow Statement read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India :
    - i. Insofar as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March 2008;
    - ii. Insofar as it relates to the Profit & Loss Account of the **PROFIT** of the Company for the year ended on that date;
- AND
- iii. Insofar as it relates to the Cash Flow Statement, of the cash flows for the year ended on that date.
- g) Companies (Auditor's Report ) Order , 2003 as amended by the Companies (Auditor's Report (Amendment ) Order , 2004 is not applicable to the Company as
    - i) the paid up capital and reserve is not more than Rs. 50 Lakhs.
    - ii) the Company does not have loan outstanding Rs. 25 Lakhs or more from any bank or financial institution and
    - iii) the Company does not have turnover exceeding Rs. 5 Crores

**For R.P.LADDHA & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**R. P.Laddha**  
**Proprietor**  
**Membership No. 48195**

**Place : Mumbai**  
**Date : 21st April, 2008**

**Binani Energy Private Limited**  
 (Formerly Binani Mazak Private Limited)  
**BALANCE SHEET AS AT 31ST MARCH 2008**



(Amount in Rs.)

	Schedule	As at 31st March, 2008	As at 31st March, 2007
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	100,000	100,000
Share Application Money	2	-	9,900,000
Reserve & Surplus	3	229,969	-
		<u>329,969</u>	<u>10,000,000</u>
<b>LOAN FUNDS</b>			
Unsecured Loans (from Holding Company)		102,750	102,750
<b>TOTAL :</b>		<u>432,719</u>	<u>10,102,750</u>
<b>APPLICATION OF FUNDS</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Cash & Bank Balances	4	458,399	10,078,591
Loans and Advances		89,440	4,859
		<u>547,839</u>	<u>10,083,450</u>
<b>LESS:</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	5	115,120	6,693
		<u>115,120</u>	<u>6,693</u>
<b>NET CURRENT ASSETS</b>		<u>432,719</u>	<u>10,076,757</u>
<b>MISCELLANEOUS EXPENDITURE</b>	6	-	-
(To the extent not written off or adjusted)			
<b>PROFIT AND LOSS ACCOUNT</b>		-	25,993
<b>TOTAL :</b>		<u>432,719</u>	<u>10,102,750</u>
<b>Significant Accounting Policies and Notes on Accounts</b>	8		

As per our attached Report of even date

For and on behalf of the Board of Directors

**For R. P. Laddha & Associates**  
 Chartered Accountants

**R. P. Laddha**  
 Proprietor  
 Membership No. 48195

**V. Subramanian**  
 Director

**Roy Kurian K. K.**  
 Director

Place : Mumbai  
 Date : 21st April, 2008

**Binani Energy Private Limited**  
(Formerly Binani Mazak Private Limited)

annual report 2007-2008

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

(Rupees)

	Schedule	For the Year ended 31st March, 2008	For the Year ended 31st March, 2007
<b>INCOME</b>			
Gross Sales		-	-
Less:Excise Duty		-	-
Net Sales		-	-
Interest Income		386,548	14,354
<b>TOTAL :</b>		<b>386,548</b>	<b>14,354</b>
<b>EXPENDITURE</b>			
Selling and Administration Expenses	7	18,702	15,722
Bank Charges		8,000	2,961
Amortisation of Miscellaneous Expenses		-	1,406
<b>TOTAL :</b>		<b>26,702</b>	<b>20,089</b>
Profit before Tax		359,846	(5,735)
Provision for Taxation		103,884	-
Profit after Tax		255,962	(5,735)
Balance Brought forward		(25,993)	(20,258)
<b>Balance Carried to Balance Sheet</b>		<b>229,969</b>	<b>(25,993)</b>
<b>Earning Per Share (Equity Shares, Face value Rs. 10/- each)</b>		<b>25.60</b>	<b>(0.57)</b>
Basic & Diluted (Rs.)			
Number of shares used in computing earnings per share			
Basic & Diluted		10,000	10,000
<b>Significant Accounting Policies and Notes on Accounts</b>	8		

As per our attached Report of even date

For and on behalf of the Board of Directors

**For R. P. Laddha & Associates**  
Chartered Accountants

**R. P. Laddha**  
Proprietor  
Membership No. 48195

**V. Subramanian**  
Director

**Roy Kurian K. K.**  
Director

Place : Mumbai  
Date : 21st April, 2008

**Binani Energy Private Limited**  
(Formerly Binani Mazak Private Limited)



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008**

(Rupees)

	As at 31st March, 2008	As at 31st March, 2007
<b>SCHEDULE '1'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
1,00,000 Equity Shares of Rs. 10 /- each	1,00,000	1,00,000
	<u>1,00,000</u>	<u>1,00,000</u>
<b>Issued, Subscribed and Paid up Capital</b>		
10,000 Equity Shares of Rs. 10 /- each	100,000	100,000
(All the shares are held by Binani Zinc Ltd. the holding company and its nominees)		
<b>TOTAL</b>	<u>100,000</u>	<u>100,000</u>
<b>SCHEDULE '2'</b>		
<b>Share Application Money (refer note No 8 of Schedule -8)</b>		
Received from Mazak International Ltd.	-	5,00,000
Received from Binani Zinc Ltd	-	4,90,000
	<u>-</u>	<u>9,90,000</u>
<b>SCHEDULE '3'</b>		
<b>RESERVE AND SURPLUS</b>		
Balance in Profit and Loss Account	229,969	-
	<u>229,969</u>	<u>9,90,000</u>
<b>SCHEDULE '4'</b>		
<b>CURRENT ASSETS LOANS AND ADVANCES</b>		
<b>Cash and Bank Balances</b>		
Cash in hand	7,190	13,203
Bank account	401,209	15,388
Deposit Accounts	50,000	10,050,000
<b>Loans and Advances</b>		
Tax Deducted at Source	81,854	1,398
Sales Tax Refund Receivable	2,806	2,806
Interest Accrued	4,780	655
	<u>547,839</u>	<u>10,083,450</u>
<b>SCHEDULE '5'</b>		
<b>CURRENT LIABILITIES AND PROVISION</b>		
Sundry Creditors for Expenses	11,236	6,693
Provision for Tax	103884	-
<b>TOTAL</b>	<u>115,120</u>	<u>6,693</u>
<b>SCHEDULE '6'</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Balance as per Last Balance Sheet	-	1,406
Less: Written off During the Year	-	1,406
	<u>-</u>	<u>-</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

(Rupees)

	<b>For the Year ended 31st March, 2008</b>	For the Year ended 31st March, 2007
<b>SCHEDULE '7'</b>		
<b>Selling and Administration Expenses</b>		
Auditor's Remuneration	<b>11,285</b>	2,245
Filing Fees	<b>5,012</b>	4350
Conveyance	-	916
Fees & Expenses paid to others	-	-
Printing and Stationary	-	70
Miscellaneous Expenses	<b>1,000</b>	5517
Professional Fees	<b>1,405</b>	2,624
<b>TOTAL</b>	<b>18,702</b>	15,722

**Binani Energy Private Limited**  
(Formerly Binani Mazak Private Limited)



**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2008**

**SCHEDULE – 8**

- 1 Accounting Policies followed by the Company:
- a) Method of depreciation : Not Applicable
  - b) Method of Accounting : Mercantile system
  - c) Valuation of stock : Not Applicable

	<b>For the year ended 31st March 2008</b>	For the year ended 31st March 2007
2 Capital Commitments	Nil	Nil
3 Claims against the company not acknowledged as debts	Nil	Nil
4 Contingent Liability not acknowledged as debt	Nil	Nil
5 Expenditure and earnings in foreign currency	Nil	Nil
6 Audit fees	<b>Rs. 11,285/-</b>	Rs. 2,245/-
7 The provision for deferred taxation as per AS-22 has not been made as there is no timing difference between accounting income and taxable income.		
8 The Company operated in a single segment i.e., "Trading of Computer Accessories " upto the financial year 2005-06. During the previous year, Binani Zinc Ltd. the holding company had entered into a joint venture agreement with Mazak International Ltd. for manufacture and marketing of Zinc Alloys through the company and accordingly the company's name has been changed to Binani Mazak Ltd. with effect from 10.10.06. The memorandum of association of the company was altered to enable the company to start the Zinc Alloy business. During the year, the proposed joint venture with Mazak International Ltd has been called off and the Share application money has been refunded. Since the alloy business has not yet been taken up, no disclosures under Accounting Standard - 17, "Segment Reporting" are required in these financial statements.		
9 The Object Clause of the Company has been changed to include all businesses related to generation and distribution of power and all forms of energy.		
10 Related Party disclosure as per AS 18 issued by the Institute of Chartered Accountant of India. The Company has entered into transactions in the ordinary course of business with Binani Zinc Ltd., the Holding Company as per details below:-		

(Rupees)

<b>Particulars</b>	<b>For the year ended 31st March 2008</b>	For the year ended 31st March 2007
Loans & Advances taken	NIL	52750
Balance Payable as on 31.3.2007	102750	102750
Share Application money received / (paid) during the year	(4900000)	4900000
Balance in Share Application money as on 31.3.2008	NIL	4900000

- 12 The Company's name has been changed from Binani Mazak Private Ltd. to Binani Energy Private Ltd w.e.f. 11th April, 2008 as per fresh Certificate of Incorporation issued by the Registrar of Companies, Maharashtra.
- 13 In the opinion of the Board of Directors, the current assets, loans & advances have a value which on realisation in the ordinary course of business is atleast equal to the amounts stated in the balance sheet.

As per our attached Report of even date

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

**For R. P. Laddha & Associates**  
Chartered Accountants

**R. P. Laddha**  
Proprietor  
Membership No. 48195

**V. Subramanian**  
Director

**Roy Kurian K. K.**  
Director

Place : Mumbai  
Date : 21st April, 2008

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

(Rupees)

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
<b>Cash Flow From Operating Activities</b>		
<b>Net Profit Before Tax</b>	359,846	(5,735)
Adjustments for:		
Miscellaneous Expenditure Written off	-	1,406
Bank Charges	8,000	2,961
Interest Income	(386,548)	(14,354)
Operating Profit Before Working Capital Changes	(18,702)	(15,722)
Adjustments for:		
Inventories	-	-
Trade and Other Receivables	(80,456)	(2,053)
Trade and Other Payables	4,543	2,245
Cash Generated from Operations	(94,615)	(15,530)
Direct Taxes Paid	-	-
<b>A Net Cash from Operating Activities</b>	(94,615)	(15,530)
<b>Cash Flow from Investing Activities</b>		
Interest Income Received	382,423	14,354
<b>B Net Cash Used in Investing Activities</b>	382,423	14,354
<b>Cash Flow from Financing Activities</b>		
Share Application Money received	(9,900,000)	9,900,000
Increase in Other Borrowings	-	52,750
Bank Charges	(8,000)	(2,961)
<b>C Net Cash from Financing Activities</b>	(9,908,000)	9,949,789
<b>D Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	(9,620,192)	9,948,613
<b>E Opening Cash &amp; Cash Equivalents (Cash and Bank Balances)</b>	10,078,591	129,978
<b>F Closing Cash &amp; Cash Equivalents (D+E) (Cash and Bank Balances)</b>	458,399	10,078,591

As per our attached Report of even date

For and on behalf of the Board of Directors

**For R. P. Laddha & Associates**  
Chartered Accountants

**R. P. Laddha**  
Proprietor  
Membership No. 48195

**V. Subramanian**  
Director

**Roy Kurian K. K.**  
Director

Place : Mumbai  
Date : 21st April, 2008

**PART IV**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

Registration No.: 

1	0	0	2	7	1
---	---	---	---	---	---

 State Code : 

1	7
---	---

  
 Balance Sheet Date: 

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

**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	3	3
---	---	---

 Total Assets 

4	3	3
---	---	---

**SOURCES OF FUNDS**

Paid up Capital 

1	0	0
---	---	---

 Reserves & Surplus 

2	3	0
---	---	---

  
 Share Application Money 

N	I	L
---	---	---

 Unsecured Loans 

1	0	3
---	---	---

  
 Secured Loans 

N	I	L
---	---	---

**APPLICATION OF FUNDS**

Net Fixed Assets 

N	I	L
---	---	---

 Investments 

N	I	L
---	---	---

  
 Net Current Assets 

4	3	3
---	---	---

 Profit & Loss Account (Loss) 

-	-	-
---	---	---

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

Turnover (net) / Other Income 

3	8	7
---	---	---

 Total Expenditure 

2	7
---	---

  
 Profit / (Loss) Before Tax 

3	6	0
---	---	---

 Profit / (Loss) After Tax 

2	5	6
---	---	---

  
 Earnings per Share in Rs. 

2	5	.	6	0
---	---	---	---	---

 Dividend Rate % 

N	I	L
---	---	---

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

Item Code No. (ITC Code)	Product Description
N . A .	N . A .



**Binani Zinc 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 ZINC 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 **EIGHTH ANNUAL GENERAL MEETING** of the Company to be held at Kala Mandir, 48, Shakespeare sarani, Kolkata - 700 017 or immediately after the conclusion of the 45th Annual General Meeting of Binani Industries Ltd. schedule to be held at the same venue at \_\_\_\_a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008

Signature(s) of the Member(s)

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 investor holding shares in Electronic Mode



**Binani Zinc 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 EIGHTH ANNUAL GENERAL MEETING at 10:30 a.m. on Monday, 23rd June 2008 "Kalamandir", 48, Shakespeare Sarani, Kolkata 700017 or immediately after the completion of 45th Annual General Meeting of Binani Industries Limited schedule to be held at the same venue at \_\_\_\_ a.m. on Monday the 23<sup>rd</sup> June, 2008.

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.

# BOOK-POST

If undelivered please return to :

**BINANI ZINC LIMITED**

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