

**BINANI INDUSTRIES LIMITED**

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

Corporate Office: Mercantile Chambers, 12 J.N.Heredia Marg, Ballard Estate, Mumbai 400 001

**AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2006**

Rs. Lakhs

**Consolidated Results**

Particulars	Nine Months ended	Quarter ended	Quarter ended	Year ended	Year ended	Year ended	Year ended
	31.12.2005	31.03.2006	31.03.2005	31.03.2006	31.03.2005	31.03.2006	31.03.2005
1 Gross Sales	26	21	7	47	1,251	86,072	79,926
Less Excise Duty on sales	1	4	-	5	3	12,878	12,444
Net Sales	25	17	7	42	1,248	73,194	67,482
2 Other Income	25	94	20	119	28	814	801
3 Expenditure							
a) (Increase)/decrease in stock in trade	95	-	(34)	95	4	(146)	130
b) Consumption of raw materials	17	2	3	19	1,061	20,920	18,385
c) Staff Cost	18	13	(17)	31	33	3,343	3,011
d) Other manufacturing expenses	9	3	(1)	12	14	22,230	22,022
e) Other expenditure	119	17	57	136	367	12,689	12,974
Total Expenditure	258	35	8	293	1,479	59,036	56,522
4 Operating Profit/(Loss) before Interest and Depreciation (1+2-3)	(208)	76	19	(132)	(203)	14,972	11,761
5 Interest & Financial charges ( Net )	1,302	545	(114)	1,847	3,304	5,505	8,794
6 Gross Profit/(Loss) after interest but before Depreciation & Taxation (4-5)	(1,510)	(469)	133	(1,979)	(3,507)	9,467	2,967
7 Depreciation	80	26	29	106	116	5,779	5,864
8 Profit/(Loss) before extra ordinary item & Tax (6-7)	(1,590)	(495)	104	(2,085)	(3,623)	3,688	(2,897)
9 Extra ordinary items							
a) Advances to subsidiary written off	-	(276)	(866)	(276)	(866)	-	-
b) Expenditure on lead project written off	-	-	-	-	-	-	(881)
c) Interest on earlier year Written back on one time settlement of Loans	827	280	-	1,107	-	1,107	-
d) Assets written off on impairment	(389)	-	-	(389)	-	(1,506)	-
e) Investment in subsidiary written off	(320)	-	-	(320)	-	-	-
f) Profit on sale of Investment in equity shares of BCL	3,510	-	-	3,510	-	3,510	-
10 Profit/(Loss) after extra ordinary item but before Tax (8+9)	2,038	(491)	(762)	1,547	(4,489)	6,799	(3,778)
11 Provision for Taxation							
a) Current Tax (MAT)	-	61	-	61	-	562	74
b) Deferred Tax (net)	-	-	-	-	-	49	39
c) Fringe Benefit Tax	1	-	-	1	-	44	-
d) Tax of earlier year written back	-	-	(2)	-	(2)	-	(2)
12 Net Profit/(Loss) after Tax but before Minority Interest(10-11)	2,037	(552)	(760)	1,485	(4,487)	6,144	(3,889)
13 Minority Interest	-	-	-	-	-	1,043	46
14 Net Profit/(Loss) (12-13)	2,037	(552)	(760)	1,485	(4,487)	5,101	(3,935)
15 Paid up Equity Share Capital (Face Value per share Rs.10/-)	2,962	2,962	2,962	2,962	2,962	2,962	2,962
16 Reserves (excluding Revaluation Reserves)				19660	20535	19685	20860
17 Earnings per share - Basic (not annualised)(Rs)	6.88	(1.87)	(2.57)	5.02	(15.16)	17.24	(13.30)
18 Earnings per share - Diluted (not annualised)(Rs)	6.88	(1.87)	(2.57)	5.02	(15.16)	17.24	(13.30)
19 Aggregate of non-promoters shareholding							
Number of shares				17393546	18839837		
Percentage of shareholding				58.77%	63.66%		

## Segment Reporting

Rs. Lakhs

Particulars	Nine Months ended 31.12.2005	Quarter ended 31.03.2006	Quarter ended 31.03.2005	Year ended 31.03.2006	Year ended 31.03.2005
1) <u>Segment Revenue</u>					
a) Merchant Export of Glass Fibre	-	-	-	-	1,188
b) Others	25	17	7	42	60
Net Sales	25	17	7	42	1,248
2) <u>Segment Result (Profit before interest and tax)</u>					
a) Merchant Export of Glass Fibre	-	-	(19)	-	35
b) Others	(126)	3	28	(123)	(45)
Total	(126)	3	9	(123)	(10)
Less : (i) Interest	1,302	545	(114)	1,847	3,304
(ii) Other un-allocable expenditure net of unallocable income	162	(47)	19	115	309
Total Loss Before Tax & extraordinary item	(1,590)	(495)	104	(2,085)	(3,623)
3) <u>Capital Employed</u>					
a) Merchant Export of Glass Fibre	-	-	-	-	-
b) Others	131	116	657	116	657
Total	131	116	657	116	657
Add : Unallocated corporate assets (net) (mainly relate to investments)	17,705	16,661	18,911	16,661	18,911
Total Capital Employed in the Company	17,836	16,777	19,568	16,777	19,568

### Notes:

- 1 The Board of Directors of the Company have recommended declaration of dividend @ 15% (Rupees 1.50 per Equity Share) subject to necessary approvals.
- 2 Mr. Sushil Bhattar has been appointed as Wholetime Director and CEO of the Company with effect from 25th April 2006.
- 3 In October 2005, the company has divested 25% of its holding in the equity shares of Binani Cement Limited (BCL), resulting into an extraordinary gain of Rs. 3510 lakhs.
- 4 Interest for the previous period is not comparable due to transfer of loans to subsidiaries and repayment of loans.
- 5 During the year, the company has:-
  - i) written off old and unsaleable finished goods stock of glass fibre moulded products of Rs. 86 lakhs.
  - ii) written off value of Plant and Machinery of its' Moulding Division to the tune of Rs. 389 lakhs on impairment.
  - iii) written off investment in Binani Lead Limited (BLL), a wholly owned subsidiary, for Rs. 320 lakhs.
- 6 As per the audited financial results for the year ended 31st March 2006, BCL, Binani Zinc Limited (BZL), Goa Glass Fibre Limited (GGFL), BT Composites Limited (BTCL), and Ess Vee Alloys Pvt. Ltd., subsidiaries of the Company, have posted profit / ( loss) before tax of Rs. 5807 lakhs, Rs. 128 lakhs, Rs. 57 lakhs, (Rs. 788 lakhs), & Rs. 3 lakh respectively.
  - i) The implementation of the expansion project of BCL with Captive Power Plant is in progress as per schedule.
  - ii) Production of zinc was affected in BZL due to non availability of raw material i.e. Zinc Concentrate. However, for the financial year 2006-07, the supply has been tied-up.
  - iii) In GGFL, production of Glass Fibre on enhanced capacity has since been stabilized. However, results were affected by lower realisations and higher input costs.
- 7 The Board of Directors have approved a proposal for swap of upto 50% Equity Shares in the Share Capital of the company held by its members for existing shares in BCL and BZL held by the Company. Consequent to such swap, shareholders of the Company will receive (on exercising positive option) shares of BCL and BZL in lieu of their shareholding in the Company which will stand cancelled and they will cease to be shareholders of the company. The swap ratio has been fixed as 25 (Twenty Five) existing equity share(s) of BCL of Rs.10/- each fully paid and existing 25(Twenty Five) equity share(s) of BZL of Rs.10/- each fully paid for every 20 (Twenty) existing equity share(s) of Rs.10/- each fully paid of the company based on the Valuation Report and Fairness Report of firms of Chartered Accountants. The draft Scheme of Arrangement U/s 391 and other applicable provisions of the Companies Act, 1956 has been approved by the Stock Exchange after certain modifications. The Scheme was filed with the Hon'ble High Court at Calcutta for its approval on 18th April, 2006.

- 8 The Company has an investment of Rs. 979 lakhs in the Equity Shares and Preference Shares in and has given advances of Rs. 928 lakhs to BT Composites Limited (BTCL), a wholly owned subsidiary of the Company, which has accumulated losses of Rs. 2598 lakhs as on 31.03.2006. BTCL is registered with BIFR as a sick company and the proposal for the rehabilitation scheme is under preparation for submission at BIFR. BTCL has approached the lender for substantial waiver of loans through one time settlement. The performance of the company is expected to improve due to anticipated increase in demand for its products in domestic and international markets for which appropriate marketing strategy is adopted. In terms of the above, the company has written off an amount of Rs. 276 lakhs being loan including interest outstanding as on 31.03.2002 by way of part waiver of loan advanced to them so as to ensure early rehabilitation.
- In view of the above factors and having regard to the long term nature of investment, the management is of the view that there is no diminution in value of investments, which is other than temporary. Hence the investment is stated at cost.
- 9 For the Assessment years 1999-2000 and 2000-2001, the Income Tax Tribunal (ITAT) at Kolkata have allowed the Income Tax Department's appeal and confirmed the chargeability of interest under sections 234B and 234C of the Income Tax Act, 1961, on Minimum Alternative Tax (MAT) under section 115 JA of the Income Tax Act, 1961, which was earlier allowed by the Commissioner of Income Tax (Appeal) in favour of the Company. Against the Order of ITAT, company has filed appeal before the Hon'ble High Court at Calcutta. For Assessment year 2001-2002 also company has filed appeal before the Hon'ble High Court at Calcutta against the order of ITAT confirming chargeability of interest u/s 234B & 234C on MAT under section 115 JB of the said Act. Under the circumstances, the disputed demand of Rs. 135 lakhs has not been provided.
- 10 The debit balance of Profit & Loss Account of Rs. 7828 lakhs as on 31.03.2006 has not been considered for adjustment against the Reserves of Rs. 19660 lakhs as on that date since the same are not free reserves.
- 11 There were 3 investor complaints pending at the beginning of the quarter and during the quarter, the Company received 11 complaints from investors, out of which 10 complaints were disposed off, leaving 4 complaints unresolved at the end of the quarter.
- 12 Consolidated Financial Results include results of subsidiaries viz., Binani Cement Ltd., Binani Zinc Ltd, Goa Glass Fibre Ltd. B.T. Composites Ltd., Binani Lead Ltd., and wholly owned subsidiaries of Binani Zinc Ltd. viz., ESS VEE Alloys Pvt. Ltd., R.B.G. Minerals Industries Ltd. and Opticon Consultants Pvt. Ltd.
- 13 The above results have been reviewed by the Audit Committee at their meeting held on 25th April, 2006 and were taken on record and approved by the Board of Directors at its meeting held on 25th April, 2006.
- 14 Figures of the previous period have been regrouped/ recast as necessary.

By Order of the Board  
For **BINANI INDUSTRIES LIMITED**

**BRAJ BINANI**  
CHAIRMAN

Place : Mumbai  
Date : 25th April 2006