

Binani

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

UNAUDITED FINANCIAL RESULTS (PROVISIONAL) FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2005

Particulars	Rs. Lakhs					Segment Reporting					Rs. Lakhs						
	Quarter ended 30.09.2005	Quarter ended 30.09.2004	Half Year ended 30.09.2005	Half Year ended 30.09.2004	Year ended 31.03.2005 (Audited)	Particulars	Quarter ended 30.09.2005	Quarter ended 30.09.2004	Half Year ended 30.09.2005	Half Year ended 30.09.2004	Year ended 31.03.2005 (Audited)	Particulars	Quarter ended 30.09.2005	Quarter ended 30.09.2004	Half Year ended 30.09.2005	Half Year ended 30.09.2004	Year ended 31.03.2005 (Audited)
1 Gross Sales	2	510	21	1,229	1,251	1) Segment Revenue						a) Merchant Export of Glass Fibre	-	484	-	1,188	1,188
Less Excise Duty on sales	1	2	1	2	3	b) Others	1	24	20	39	60	Net Sales	1	508	20	1,227	1,248
Net Sales	1	508	20	1,227	1,248	2) Segment Result						(Profit/(Loss) before interest and tax)					
2 Other Income	4	-	8	2	25	a) Merchant Export of Glass Fibre	-	25	-	55	35	b) Others	(17)	(4)	(28)	(59)	(45)
3 Expenditure						Total	(17)	21	(28)	(4)	(10)	Less : (i) Interest	312	1,151	925	2,277	3,305
a) (Increase)/decrease in stock in trade	1	(10)	3	33	4	(ii) Other un-allocable expenditure net off unallocable income	72	85	124	179	308	Profit / (Loss) before extra ordinary items & Tax	(401)	(1,215)	(1,077)	(2,460)	(3,623)
b) Consumption of raw materials etc.	-	434	17	1,050	1,061	3) Capital Employed						a) Merchant Export of Glass Fibre	-	52	-	52	-
c) Staff Cost	7	16	12	35	33	b) Others	623	656	623	656	657	Total	623	708	623	708	657
d) Other manufacturing expenses	6	8	8	11	14	Add : Unallocated corporate assets (net) (mainly relate to investments)	17,674	39703	17674	39703	18911	Total Capital Employed in the company	18,297	40,411	18,297	40,411	19,568
e) Other expenditure	53	95	86	225	363												
Total Expenditure	67	543	126	1354	1475												
4 Operating (Loss)/Profit before Interest and Depreciation (1+2-3)	(62)	(35)	(98)	(125)	(202)												
5 Interest & Financial charges (Net)	(312)	(1,151)	(925)	(2,277)	(3305)												
4 Gross Profit/(Loss) after interest but before Depreciation & Taxation (4+5)	(374)	(1186)	(1023)	(2402)	(3507)												
7 Depreciation	(27)	(29)	(54)	(58)	(116)												
8 Profit / (Loss) before extra ordinary items & Tax (6+7)	(401)	(1215)	(1077)	(2460)	(3623)												
9 Advances to subsidiary written off	-	-	-	-	(866)												
10 Interest for earlier years written back on one time settlement of NCD	827	-	827	-	-												
11 Provision for Taxation																	
a) Current Tax	-	-	-	-	-												
b) Deferred Tax	-	-	-	-	-												
c) Fringe Benefit Tax	(1)	-	(1)	-	-												
d) Tax of earlier year written back	-	-	-	-	2												
12 Net Profit / (Loss) after extra ordinary items & tax (8+9+10)	425	(1215)	(251)	(2460)	(4487)												
13 Paid up Equity Share Capital (Face Value per share Rs.10/-)	2962	2962	2962	2962	2,962												
14 Reserves (excluding Revaluation Reserves)					20535												
15 Earnings per share																	
-Basic (not annualised)(Rs)	1.44	(4.11)	(0.85)	(8.31)	(15.16)												
-Diluted (not annualised)(Rs)	1.44	(4.11)	(0.85)	(8.31)	(15.16)												
16 Aggregate of non-promoters shareholding																	
Number of shares	18484836	18869212	18484836	18869212	18839837												
Percentage of shareholding	62.45%	63.76%	62.45%	63.76%	63.66%												

Notes:

1 Figures for the previous period are not comparable as term loans (including funded interest term loans) from Financial Institutions for Rs.15809 lakhs & Rs. 3595 lakhs were transferred to the subsidiaries w.e.f. 1st October 2004 and 31st March 2005 respectively and discontinuance of merchant exports of glass fibre from September 2004 on fulfillment of export commitment under EPCG scheme.

2 In October 2005, the company has divested 25% of its holding in the equity shares of Binani Cement Ltd. to Silver Peak Investments (Mauritius) Ltd. resulting into an extraordinary gain of Rs. 3500 lakhs (approx.) which will be reflected in the financial result of the third quarter of the current financial year. The net proceeds have been utilized to settle the dues of UTI NCD and towards part repayment of the company's loans taken from BCL. On one time settlement of UTI NCD, the differential interest for earlier years of Rs. 827 lakhs has been credited to the Profit & Loss account in the current quarter.

3 As per the unaudited financial results (provisional) for the half year ended 30th September 2005, Binani Cement Limited (BCL), Binani Zinc Limited (BZL), Goa Glass Fibre Limited (GGFL), BT Composites Limited and ESS VEE Alloys Pvt. Ltd., subsidiaries of the Company, have posted profit / (loss) before tax of Rs. 1243 lakhs, (Rs. 578 lakhs), Rs.13 lakhs, (Rs. 99 lakhs) & Rs. 1 lakh respectively.

Cement production was affected during the current quarter due to break down in power plant auxiliaries from 4th August 2005 to 30th September 2005 and imposition of severe load restriction by Jodhpur Vidyut Vitaran Nigam Limited from 29th August 2005 to 8th September 2005. Insurance claim for machinery breakdown and loss of profit has been lodged. However, the claim amount is in the process of finalisation. BCL has entered into an agreement with J P Morgan Securities India Pvt. Ltd. for availing of financial assistance of Rs. 13000 lakhs from them for the expansion project. UTI Bank Ltd. has agreed to subscribe to 9.5 % NCD of BCL aggregating to Rs. 7000 lakhs on private placement basis which will be utilised to prepay high cost debt of BCL. The implementation of the expansion project of BCL doubling its existing capacity with Captive Power Plant has started.

During the quarter, BCL has implemented the transfer of its investment division to Daisy Commercials Pvt. Ltd. with effect from 1st April 2005 as per the Scheme of Arrangement duly approved by the Hon'ble High Court at Calcutta vide its order dated 17th August 2005.

BZL had to suspend production temporarily from end of June 2005 due to non availability of raw material i.e. Zinc Concentrate. However, operations restarted from 20th September 2005. On 5th October 2005, Opticon Consultants Pvt. Ltd. an SPV for captive power, has become a wholly owned subsidiary of BZL.

In GGFL, production of Glass Fibre on enhanced capacity has since been stabilized.

4 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 of BCL and BZL held by the company. Consequent to such swap, shareholders of the company will receive shares of BCL and BZL while their shareholding in the company 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 relevant draft Scheme of Arrangement U/s 391 and other applicable provisions of the Companies Act, 1956 has been filed with the Stock Exchanges for approval. The Scheme will be filed with the Hon'ble High Court at Calcutta for its approval in due course.

- 5 The Company has an investment of Rs. 979 lakhs in the Equity Shares and Preference Shares in and has given advances of Rs. 792 lakhs to BT Composites Limited (BTCL), a wholly owned subsidiary of the Company, which has accumulated losses of Rs. 1533 lakhs as on 31.03.2005. BTCL is registered with BIFR as a sick company and a rehabilitation scheme is under preparation for submission with BIFR. Further, BTCL has been negotiating with the lender for granting substantial relief by way of one time settlement of its outstanding dues. To make the unit financially viable, the company has also drawn up plans, which would lead to improvement in capacity utilisation and market share.
- In view of the above factors and having regard to the long term nature of the investment, management is of the view that there is no diminution in the value which is other than temporary.
- 6 Against the Income Tax demand relating to past several years amounting to Rs. 6985 lakhs (Previous year Rs. 6985 lakhs) the company has received a favourable order from the CIT (A) allowing the appeal except for certain disallowances resulting in a demand of Rs. 126 lakhs only against which appeal has been filed before ITAT. Order of ITAT is expected soon. Income Tax Liability of Rs.135 lakhs on account of interest u/s 234B & 234C on MAT liability has not been provided, since appeal is pending before the Hon'ble High Court at Calcutta.
- 7 The debit balance of Profit & Loss Account of Rs. 9681 lakhs as on 31.03.2005 has not been considered for adjustment against the Reserves of Rs. 20535 lakhs as on that date since the same are not free reserves.
- 8 There was 1 investor complaint pending at the beginning of the quarter, which was resolved. During the quarter, the Company received 44 complaints from investors, out of which 42 complaints were disposed off, leaving 2 complaints unresolved at the end of the quarter.
- 9 The above results have been reviewed by the Audit Committee at their meeting held on 27th October, 2005 and were taken on record and approved by the Board of Directors at its meeting held on 27th October, 2005.
- 10 The statutory auditors have conducted limited review of the above results as required by clause 41 of the listing agreement.
- 11 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 : 27th October, 2005