

# Binani

**BINANI ZINC LIMITED**  
Annual Report 2010 - 11

## BOARD OF DIRECTORS

- Mr. Braj Binani** – Chairman
- Mr. S. Padmakumar**
- Mr. Ibrahim Ali**
- Mr. V. Subramanian**
- Mr. Sushil Bhatler** – Managing Director  
(w.e.f. 1<sup>st</sup> January, 2011)
- Mr. Roy Kurian K.K.** – Whole-time Director & C.E.O.

## AUDIT COMMITTEE

- Mr. S. Padmakumar – Chairman
- Mr. V. Subramanian – Member
- Mr. Sushil Bhatler – Member

## CHIEF FINANCIAL OFFICER (Group Control Accounts)

Mr. R. Venkiteswaran

## COMPANY SECRETARY

Mr. Upendra R. Pathak

## MANAGEMENT COMMITTEE

- Mr. Roy Kurian K.K. – Whole-time Director & C.E.O.
- Mr. Roshan K. – Vice President (Commercial)
- Mr. Ashok Nicholas – Vice President (Operations & Technical)
- Mr. P. B. Sasidharan Pillai – Vice President (Finance)

## AUDITORS

Varma & Varma, Kochi

## LEGAL ADVISORS

Udwadia & Udeshi, Mumbai

## TERMS LENDERS & BANKERS

- Punjab National Bank
- Oriental Bank of Commerce
- Punjab & Sind Bank
- UCO Bank

## REGISTERED OFFICE

37/2, Chinar Park, New Town, Rajarhat Main Road  
P.O. Hatiara, Kolkata – 700 157

## CORPORATE OFFICE

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

## WORKS

Binanipuram, Ernakulam Dist., Kerala - 683 502

## REGISTRAR & SHARE TRANSFER AGENTS

### M/s. Link Intime India Pvt. Limited

C-13, Pannalal Silk Mills Compound, L. B. S. Marg,  
Bhandup (W), Mumbai - 400 078.

## SUBSIDIARIES

### R.B.G. Minerals Industries Limited

10E, Old Fatehpura, Udaipur 313 004 (Rajasthan)

### Binani Energy Private Limited

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

## OVERSEAS SUBSIDIARY

### BZ Minerals (Australia) Pty. Ltd.

Australia

CONTENTS	Page
Notice for the 11th A.G.M.	2
Directors' Report	6
Auditors' Report	11
Balance Sheet, Profit & Loss Account & Schedules	14
Cash Flow Statement & Part IV	33
Statement Pursuant to Section 212	35
<b>Subsidiary Companies</b>	
R.B.G. Minerals Industries Limited	36
Binani Energy Private Limited	50
BZ Minerals (Australia) Pty. Ltd.	58
Form for Service of Documents by E-mode	69
Proxy Form & Attendance Slip for 11th AGM	71

## NOTICE

NOTICE is hereby given that the 11th Annual General Meeting (AGM) of the Company will be held at 3.00 p.m. or immediately after the completion of the 48th AGM of Binani Industries Limited scheduled to be held at the same venue at 2.00 p.m. at Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on Monday, the 27th June, 2011 to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors' thereon.
2. To appoint a Director in place of Mr. S. Padmakumar, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Roy Kurian K. K., who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. Varma & Varma, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the next AGM and authorize the Board of Directors and / or Committee thereof to 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 Sections 198, 269,309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to such other approvals as may be required, the Company hereby accords its approval for the appointment of Mr. Sushil Bhatte as the Managing Director of the Company w.e.f. 1st January, 2011 for a period of 5 (Five) years (i.e. from 1st January, 2011 to 31st December, 2015) or till such date as may be approved by the Central Government on the terms and conditions as set out in the Agreement dated 14th March, 2011 entered into between the Company and Mr. Sushil Bhatte (a copy of which is placed before the meeting) with liberty to the Board of Directors to alter and vary the terms and conditions of said Agreement as the Board of Directors may consider necessary and as may be agreed to by Mr. Sushil Bhatte and in accordance with the applicable provisions of the Act and any amendment thereto or re-enactment thereof."

**"RESOLVED FURTHER THAT** even in the absence or inadequacy of profits in any Financial Year, subject to the approval of the Central Government and such other

approvals as may be required, Mr. Sushil Bhatte be paid the same remuneration as set out in the Agreement dated 14th March, 2011 as minimum remuneration for the entire tenure (i.e. from 1st January, 2011 to 31st December, 2015) or such date as may be approved by the Central Government."

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

**Upendra R. Pathak**  
Company Secretary

Place : Mumbai  
Date : 22nd April, 2011

### 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/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE Company.**
2. The proxy form in order to be effective should be duly stamped, signed and completed in all respects and must 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 Monday, 20th June, 2011 to 27th June, 2011 (Both Days inclusive).
4. The practice of distributing copies of Annual Reports at the AGM has been discontinued as a measure of economy. Members are, therefore, requested to bring their copies of the Annual Report and Attendance Slip duly completed to the Meeting.
5. Members to note that the equity shares of the Company are eligible for Dematerialisation with both the depositories, NSDL and CSDL. ISIN No. of the Company is INE310H01010. However, even after dematerialization, the shareholders shall not be able to sell their shares in the market as the equity shares of the Company have not been listed in any of the stock exchanges so far.
6. Members are requested to send all correspondence relating to shares including requests for transfer, change of address, change of status, change of mandate, etc., to our Registrar and Share Transfer Agents at their address mentioned below. In respect of shares held in Dematerialised Mode, the shareholders should inform their concerned Depository Participant only.
7. 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 Link Intime India Private Limited.

8. Recently the Ministry of Corporate Affairs, Government of India, vide Circular No. 17/2011 allowed service of documents by e-mode as a Green initiative in the Corporate Governance. Members are requested to Register their e-mail addresses with the Company's Registrar & Share Transfer Agents M/s. Link Intime India Pvt. Limited Unit: Binani Zinc Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 for the purpose of service of documents under Section 53 of the Companies Act, 1956. The Form for sending the response is annexed at the end of the Annual Report.
9. 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 M/s Link Intime India Private Limited immediately. The contact nos. / details are as under:  
Link Intime India Private Limited  
Unit : Binani Zinc Limited  
C-13 Pannalal Silk Mills Compound, L B S Marg,  
Bhandup (W), Mumbai-400078.  
Tel. No. 022-25946970 Fax : 022-25946969.  
Contact Person: Mr. Rajesh Mishra  
Email : rnt.helpdesk@linkintime.co.in
10. Members may note that the Company's website is [www.binani.com](http://www.binani.com)
11. The telephone numbers and email id of concerned official/s of the Company and Registrar & Share Transfer Agents for the purpose of correspondence are as under :  
Mr. Upendra R. Pathak, Company Secretary  
Tel. 022- 30263000-02 (Extn. 3012)  
Email : upendra.pathak@binani.net  
Kolkata : 033 - 25160063/25160069/40061573  
Email : binanical@vsnl.net  
Link Intime: 022-25946970.  
Email : rajesh.mishra@linkintime.co.in
12. Members are requested to :
- send their queries, if any, at least 15 days in advance of the meeting at the Company's Registered Office so that information can be made available at the meeting.
  - fill in the attendance slip for attending the meeting and those who hold the shares in dematerialized form are requested to bring their client ID and DPID for identification of attendance at the meeting.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 read with the Department of Corporate Affairs Notification F. No. 5/48/2001-CL-V published in Gazette of India Extra Ordinary Part-II, Section 3, Sub-section (i) dated 16.01.2002 in respect of Item No. 5 of the Notice is appended hereto and forms part of this Notice.

**Item No.5**

Mr. Sushil Bhattar has been appointed as the Managing Director of the Company w.e.f. 1st January, 2011 for a period of 5 years (i.e. from 1st January, 2011 to 31st December, 2015) or till such date as may be approved by the Central Government by the Board of Directors of the Company in their meeting held on 28th January, 2011 based on the recommendation of the Remuneration Committee made in their meeting held on 27th January, 2011 on the terms and conditions as contained in the Agreement dated 14th March, 2011.

The information about the Company and the appointee is as under:-

**General Information:**

- Nature of Industry:** Non Ferrous Metals. The Company is engaged in the manufacture of Zinc and its by-products Cadmium and Sulphuric Acid.
- Expected date of Commencement of Commercial Productions:**  
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, Calcutta w.e.f. 1st June, 2002.
- In case of new Companies, expected date of commencement of activities as per the project approved by financial institutions appearing in the prospectus:**  
Not Applicable.
- Financial Performance:**

(₹ in Lakhs)

Financial Parameters	2006-07	2007-08	2008-09	2009-10	2010-11
Net Sales & other Income	58441	48164	28509	39528	41519
Interest & Financial Charges	1711	1277	896	786	1054
Depreciation	665	694	735	1221	860
Profit / (Loss) before Tax	1418	620	(315)	505	(1156)
Profit / (Loss) after Tax	766	328	(228)	169	(857)

- Export performance and net foreign exchange collaborations:** NIL

(6) **Foreign investments or collaborators, if any :**

The Company has made Foreign Investments of ₹ 3,756.01 Lakhs and loan of ₹ 3,820.83 Lakhs in its wholly owned subsidiary viz. BZ Minerals (Australia) Pty Ltd. in Australia. There is no foreign investment in the Company except for shares held by NRIs, OCBs and FIIs.

**II. INFORMATION ABOUT THE APPOINTEE**

1. **Appointee's qualification, experience, past performance:**

Mr. Sushil Bhatler, aged about 54 years, is B.E.Chem (Hons) from Birla Institute of Technology, Pilani. He has wide experience of over 32 years in diversified businesses in the domain of projects, operations, administration, strategy and planning culminating in executive positions of Managing Director and Corporate Director.

Before his appointment as Managing Director of the Company, he had experience of working as Business Head – Metallurgy in the holding Company viz. Binani Industries Limited (BIL). Mr. Sushil Bhatler was associated with the Company and Group since 1979 and rejoined the Holding Company Binani Industries Limited on 1st April, 2009 after a brief sabbatical of 1 year. Mr. Sushil Bhatler has served the Company as Whole-time Director and also as Managing Director of BIL in the past. During his tenure with the group, he has handled successful implementation of expansion of capacity of Zinc Smelter from 14000 TPA to 20000 TPA. During his previous association with group, he has also handled the project expansion of Glass Fibre Division of BIL from 6600 TPA of Glass Fibre to 10000 TPA at Colvale, Bardez, Goa.

Mr. Sushil Bhatler is a professional PAR EXCELLANCE having vast experience in Operations and Strategic Management, in managing and building businesses including start ups and new verticals and spearheading expansion and development in the Companies he had worked with. Mr. Sushil Bhatler has also handled joint ventures and acquisitions.

2. **Past Remuneration:** The details of remuneration received by Mr. Sushil Bhatler during last 2 years are as under:

Year	2009-10	2010-11
Remuneration received (₹)	93,89,480	1,06,59,874

3. **Recognition or awards :** Nil

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

Mr. Sushil Bhatler was associated with Zinc business for a very long time and therefore, he was inducted

onto the Board of the Company after rejoining group in 2009. After rejoining, he had initiated and successfully concluded investments in Australian mining Company which is expected to provide much needed zinc concentrate for the Company.

Mr. Sushil Bhatler's experience and in-depth technical knowledge in the Zinc business will immensely benefit the Company. Considering his qualifications, experience and Managerial capability, the Remuneration Committee (RC) and the Board of Directors (BODs) of the Company considered him a fit person to take the mantle as Managing Director of the Company and thus, appointed him as Managing Director at the RC and BODs meetings held on 27th January, 2011 and 28th January, 2011 respectively.

5. **Proposed Remuneration** are as under:

**Basic Salary:** ₹ 5,67,710/- p.m. (Rupees Five Lac Sixty Seven Thousand Seven Hundred Ten only).

Basic Salary will be revised every year w.e.f. April by an increment not exceeding 10% of the previous basic salary.

**Perquisites:**

**Category – A**

- i. **House Rent Allowance (HRA):** 40% of monthly basic salary shall be paid as HRA every month.
- ii. **Medical Reimbursement:** 10% of the basic salary or such sum as applicable to MA grade of the Company from time to time will be paid as medical reimbursement every month.
- iii. **Special Allowance:** ₹ 25,000/- p.m.
- iv. **Medical and Group Insurance:** As per the rules of the Company as applicable to MA grade of the Company from time to time. 50% of the premium will be recovered from Mr. Sushil Bhatler.
- v. **Leave Travel Concession:** One month's Basic Salary.

**Category – B**

- i) **Provident Fund:** 12% of the basic salary.
- ii) **Gratuity:** As per Gratuity Act subject to the Rules framed in this regard by the Company including past service in the Holding Company.
- iii) **Leave:** Leave with full salary as per the 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**

- i. **Car:** The Company shall provide two cars without drivers.
- ii. **Residence Telephone:** The Company shall provide one landline telephone with STD & ISD facility at the residence of Mr. Sushil Bhatler.

The Company will reimburse expenses for official calls on monthly basis, all personal STD / ISD calls charges will be paid by Mr. Sushil Bhatler.

- a. **Income Tax:** Income tax, if any, on or in respect of the aforesaid remuneration shall be borne and paid by Mr. Sushil Bhatler.
- b. As Managing Director, Mr. Sushil Bhatler shall not be paid any sitting fees for attending the meetings of the Board or any Committees thereof.
- c. **Minimum Remuneration:** In the event of loss or inadequacy of profits in any Financial Year, the Company may pay to Mr. Sushil Bhatler by way of salary and perquisites the same remuneration as minimum remuneration for a period not exceeding 3 years subject to such approvals including that of Central Government.

Accordingly, an Agreement dated 14th March, 2011 was executed between the Company and Mr. Sushil Bhatler. Pursuant to Section 302 of the Act, an Abstract of the Terms contained in said Agreement has been sent to all the members.

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

Considering his long years' experience, qualification the remuneration proposed is comparable with the prevailing market rate and commensurate with his practical experience, professional qualification and technical and managerial competency.

Under the circumstances, the Company is seeking your approval to pay the same remuneration as minimum remuneration even in the event of the profit being inadequate or if the Company incur losses during his tenure as the Managing Director.

During the year 2010-11, the Company has made an Operating Profit of ₹ 758 Lakhs. Net Loss of ₹ 857 Lakhs after considering provisions from earlier periods with respect to Electricity dues to Kerala State Electricity Board (KSEB) with whom the Company has reached a long term settlement.

7. **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: NIL**

### III. OTHER INFORMATION:

#### (1) Reasons of loss or inadequate profits:

- a. Interest on electricity charges
- b. Lower sales than planned due to reduced production
- c. Higher cost of concentrate than planned due to lower spot T/Cs. in the concentrate market

- d. Variation in LME.

#### (2) Steps taken or proposed to be taken for improvement:

- a. Interest on electricity charges for earlier years is a one-time expense and there is no carry forward to future.
- b. Lower production was mainly due to equipment failures. Preventive maintenance schedules have been revised to ensure that such breakdowns are avoided in future.
- c. The Company has entered into long term tie up for concentrates on benchmark related terms. This will ensure that raw material is priced commensurate with other smelters worldwide. More than 75% of zinc concentrate requirement for the coming year is already tied up on these terms.
- d. Variation in LME is market driven. However, Company has an established hedging policy which ensures that the risk is mitigated.

#### (3) Expected increase in productivity and profits in measurable terms:

In 2011-12, the Company plans for steady production which will lead to an increase in production of upto 15%. Contracting on benchmark terms is expected to reduce the cost of concentrate by around 2%. The Company plans to increase margins through increase in sale of value added products.

### DISCLOSURES:

- (a) In addition to the salary, he will be entitled to notice pay of 1 month's basic pay in the event of termination of service.
- (b) Leave accumulated but not availed may be encashed as per the rules of the Company.

A copy of the Agreement dated 14th March, 2011 executed between the Company and Mr. Sushil Bhatler in respect of item No.5 will be open for inspection by the Members of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day except Saturdays and Sundays upto the date of AGM.

None of the Directors are concerned or interested in the resolution except Mr. Sushil Bhatler.

By order of the Board of Directors  
For Binani Zinc Limited

Upendra R. Pathak  
Company Secretary

Place : Mumbai  
Date : 22nd April, 2011

## DIRECTORS' REPORT

### To the Shareholders

Your Directors have pleasure in submitting the 11th Annual Report alongwith the Audited Accounts for the year ended 31st March, 2011

### 1. Industry Overview

The demand for zinc in India is estimated at approx 600 KT and growing at around 8% CAGR. The major consumption is in steel galvanizing, though sectors like alloys are showing impressive growth. With the huge investments in the infrastructural segments planned in the country, the zinc market is poised to grow further. The average zinc price in the London Metal Exchange (LME) was approximately \$2,185 during 2010-11. Import duty on zinc stands at 5% and duty on concentrate remained at 2% until it was revised in the recent Union budget to 2.5%. Per capita consumption of zinc in India is low compared to developed countries. The projected demand for zinc metal in the country is also high. With increasing demand and high zinc prices, the Company is expected to perform well in the coming years.

### 2. Review of Operations

(₹ in Lacs)

Particulars	2010-11	2009-10
Net Sales & other Income	41,519	39,528
EBIDTA	758	2,512
Cash Profit / (Loss)	(296)	1,726
Profit / (Loss) before Tax	(1,156)	505
Profit / (Loss) after Tax	(857)	169

### 3. Dividend

In view of loss in the Current Year, no dividend is recommended.

### 4. Future Plans

The Company plans to enhance its production capacity to 100 kty and also enter into the mining space for raw material security. The Company has already invested in a mining Company in Australia in lieu of first right of refusal for 65% of Zinc concentrate from the mine. Techno Economic feasibility study to look at the possibility of investment/ acquisition of mines in other territories is under progress.

The Company has entered the domestic die cast alloy market and plans to increase its presence in the coming years. It is also working on bringing other value added products of zinc into the market.

The Company plans to become a low cost producer of zinc. Towards meeting this end, the Company has embarked upon a series of improvement initiatives in its operations. These are expected to fetch returns soon.

### 5. Strengths/Opportunities/Threats/Risks/Concerns

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

- Fluctuation in zinc prices
- Enhanced metal supply in market
- Raw material availability

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

**Price fluctuation:** Prices are expected to remain volatile in the coming year also. However, your Company has attained sufficient expertise in hedging to safeguard itself from wide fluctuations in zinc price.

Your Company has a good spread of Sales Depots in the country that can ensure market for its product. The Company's product quality and brand equity are well accepted in the market. Focus on value adds have brought improved margins and new customers. The IT network is being strengthened by linking all selling agents.

The Company has long term contracts with suppliers of raw material for the coming years. This ensures around 75% of its requirement of zinc concentrate in 2011-12. Investments in mines through its wholly owned subsidiary RBG Minerals Industries Ltd. and BZ Minerals (Australia) Pty Ltd. will help ensure continuous availability of raw material in the long term.

### 6. Internal Controls relating to accounting system

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

### 7. Human Resource Development / Industrial Relations

Industrial relations during the year was cordial. With the present 4-year productivity based Long Term Settlement (LTS) more workplace re-organisation and attendance-based payments were achieved through this LTS. A win-win situation in the industrial relations space in the Company is being maintained.

Safety, Occupational Health and Environment (SHE) topped the agenda of the Company employees. Our efforts in this area were recognized and the Company bagged 6 state level safety awards from Government of Kerala and National Safety Council during this year.

Focussed training programmes on topics/ areas assessed were undertaken principally for knowledge and skill



upgradation of operatives, Management Development and Change Management programme for specific target groups. Internal trainers also played an effective role. Management Workshops on 'Personal & Professional Effectiveness' and 'Hazard and Operability Studies' rendered better results this year. Average time spent on learning & development this year rose to 4.34 man days per employee.

#### **8. Corporate Social Responsibility**

Corporate Social Responsibility is all-pervasive, mainly through the launch-pad of Ghanshyam Binani Occupational Health Centre and Ghanshyam Binani Community Hall. This year also, Ghanshyam Binani Occupational Health Centre (GBHC) catered to the health care/medical advice needs of employees, their families, community around, besides rendering annual health check up service to employees of several industries around.

GBHC, in partnership with Indian Medical Association and National Safety Council, conducted State Level First Aiders training programme this year; thus completing a total of 11 batches and training a total of 392 industrial employees across industries in Kerala.

GBHC serves the community, employees and their family members through Health Talks, Multi-Speciality Medical Camps and Medical Specialists' Camps. GBHC continued to be recognised as "Centre of Public Health Importance" this year also. Medical and nursing students regularly visit here and through their extension service wings, serve the community and school students.

This year GBHC also organised health screening camp for contract workers with the assistance of ESIC, a total of 220 contract workers were covered.

Empowerment programmes for the children, women and the aged are regularly conducted, and annual Camps are organised focusing on the personality development of school children. Assemblage in the Pakalveedu on all Tuesdays have become an active part of the 43-odd old-aged of the community, where the meaningful presence of the Chief Medical Officer, and at times, by Company officers are cherished by the inmates.

Rotary Binani CSR award was constituted with a view of encouraging and inspiring other corporate to take up CSR activities.

This year also, Company's partnership interventions continued for the Binanipuram Government High School students, where the SSLC students bagged 100% results; thus repeating history in the fourth year in succession. The Company's association with Government Hospital, Binanipuram continued this year also.

#### **AWARDS / RECOGNITIONS**

Our Company has won the following National, Regional and

State Level awards and accolades:

- Green Tech Environment Excellence Award in minerals and mining sector – 2010
- Excellence Award – 2010 from the Kerala State Pollution Control Board, among large-scale industries.
- 6 state level safety awards from Government of Kerala and National Safety Council during this year.

#### **9. Board of Directors**

In accordance with Article 100 of the Articles of Association of the Company, Mr. S. Padmakumar and Mr. Roy Kurian K.K. retire by rotation, and being eligible offer themselves for re-appointment.

The Board of Directors appointed Mr. Sushil Bhattar as the Managing Director of the Company w.e.f. 1st January, 2011 for a period of 5 years subject to Shareholders, Central Government and such other approval as may be required.

#### **10. Auditors' Observations**

Responses of the Directors to the comments of the Auditors in their report on Financial Statements are as follows:

Regarding the pre-82 tariff concession, as clarified in Note No.B.5 of Schedule 14 (Notes to Accounts), the management is of the view that the Company is entitled to the concession which is sub-judice and hence no provision has been considered necessary.

#### **11. Auditors**

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

#### **12. Cost Auditors**

In terms of the Order of the Ministry of Corporate Affairs, the Cost Accounting records relating to the manufacture of Sulphuric Acid are required to be audited for the year 2011-12. Accordingly M/s. N.P. Gopalkrishnan & Co. Cost Accountants, Cochin are appointed as Cost Auditors for the year 2011-12. 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 2011-12. The Company also maintains cost records for zinc metal.

The cost Audit Report for the FY 2009-10 has been filed vide SRN A91164848 on 11th August, 2010.

#### **13. Subsidiary Companies**

During the year, your Company has formed a whollyowned Subsidiary viz BZ Minerals (Australia) Pty Ltd. in Australia as a special purpose vehicle (SPV) basically for making investment in and loans to mining Company in Australia.

The statement pursuant to Section 212 of the Act relating to



its subsidiaries i.e. RBG Minerals Industries Limited, Binani Energy Private Limited and BZ Minerals (Australia) Pty Ltd. and the Audited Accounts of these Companies are annexed to this report.

**14. Particulars under Section 217 of the Act.**

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

The Statement of Particulars of Employees specified under Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, as annexed is amended as **Annexure B**.

**15. Directors Responsibility Statements**

Pursuant to Section 217(2AA) of the Act, 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 judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on

31st March, 2011 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 other irregularities;
- d) the annual accounts have been prepared on a going concern basis.

**16. Acknowledgement**

Your Directors acknowledge the assistance, cooperation 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 of Directors**  
For **Binani Zinc Limited**

**Braj Binani**  
**Chairman**

Place : Mumbai  
Date : 22nd April, 2011

## ANNEXURE “ A ” TO DIRECTORS’ REPORT

### PARTICULARS UNDER SECTION 217(1)(e) OF THE ACT

#### 1. CONSERVATION OF ENERGY

##### (1) Energy conservation measures taken

- a. Installation of VFDs for selected motors across various plants (average total savings of around 75,000 kWh per year).
- b. Energy efficient metal halide lighting at Melting plant and optimal FTL lighting in plants.
- c. Energy cost savings of i) approximately ₹ 6.57 Lakhs through provision for gravity flow for spent acid from Cell House to Leaching plant. ii) ₹ 5.2 Lakhs per annum by changing to gravity flow between LT6 and T1 thickner in Leaching plant.
- d. Savings of around ₹ 0.25 Lakhs in energy costs through replacement of chiller for centralized A/C with MCS scroll chiller .
- e. Savings of around ₹ 1.48 Lakhs on energy cost by replacement of Cd air pump with centrifugal pump.
- f. Power factor improvement through APFCs in selected plants resulting in u.p.f incentive at high load operation.

##### (2) Additional investment proposals

- a. Installation of VFDs.
- b. Detuned filters for LT distribution system reducing harmonic losses
- c. TG efficiency improvement.
- d. Replacement of cyclone separator with lower pressure drop cyclone
- e. Energy efficient lighting

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

##### (3) Efforts, in brief, made towards technology absorption, adaptation and innovation

- a. Preliminary economic feasibility was worked out using the data generated by IMMT Bhubaneswar for the conversion of jarosite into Iron oxide. As the variable cost for conversion of jarosite into iron oxide is very high, an alternate flow sheet for the conversion of jarosite into iron oxide was evolved. Experimental work was started using the proposed flow sheet.

- b. Economic evaluation for the conversion of jarosite into tiles and jarofix into inter locking bricks was done. Conversion of jarosite into tiles is found to be expensive. However, making inter locking bricks from jarofix is viable and a larger scale plant trial is planned.
- c. Optimized the composition of jarofix so as to get a stable and environment friendly material.

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

- a. Value added products like Iron oxide, building materials, etc., from the waste residue.
- b. Converting the hazardous waste, jarosite residue, into a non-hazardous and environment friendly material.

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

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

- (a) Experimental studies were conducted for the separation of Pb-Ag residue
- (b) Experimental studies were conducted on the synthesis of Nano ZnO by chemical precipitation method.
- (c) Experimental studies were conducted for the recovery of cadmium from Thallium cake
- (d) Experimental studies being conducted for preparation of copper sulphate from copper cake.
- (e) Experimental set up was made for the analysis of Chemical Oxygen Demand (COD), which will give a indirect indication of Total Organic Carbon (TOC), in purified solution.
- (f) Characterisation of various samples of sulphidic and oxidic materials for their suitability of treating in the smelter was carried out.

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

- (a) Separate Pb-Ag residue which may get some value.
- (b) Value added product from Zinc metal.

- (c) Improvement in recovery of cadmium.
- (d) Value addition to waste residue.
- (e) Improve the current efficiency of the zinc electro winning process.
- (f) Explore the possibility of treating various concentrates and secondary materials.

**(3) Future plan of action**

- (a) Collaboration work with Indian Institute of Minerals and Materials Technology, Bhubaneswar/National Metallurgical Laboratory for converting jarosite residue into value added product.
- (b) To continue the work on exploring the possibility of using Jarosite residue / Jarofix in building materials such as bricks.
- (c) To continue the experimental studies on recovery of copper sulphate/copper metal from copper cake.
- (d) To conduct experiments for the recovery of Pb and Ag from Pb-Ag residue.
- (e) To continue the experimental studies on the synthesis of Nano ZnO.

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

(₹ in Lakhs)

(a)	Capital	7.66
(b)	Recurring	75.98
(c)	<b>Total</b>	<b>83.64</b>
(d)	<b>Total Expenditure as a percentage of turnover</b>	<b>0.19%</b>

**2. FOREIGN EXCHANGE EARNINGS & OUTGO:**

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

The Company's products are in great demand and the price is also remunerative in the domestic market. Therefore, Company has no plans to export the Company's products in the near future.

- b. **Total Foreign Exchange Used and Earned:**

Total Foreign Exchange Earnings: ₹ 833.66 Lakhs

Total Foreign Exchange Outgo : ₹ 33,638.15 Lakhs

**ANNEXURE "B" TO DIRECTORS' REPORT**

**Statement of Particulars of Employees under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended**

- i) Employed during the Financial Year and in receipt of remuneration of not less than ₹ 60,00,000/- p.a.

NIL

- ii) Employed during part of the Financial Year and in receipt of remuneration of not less than ₹ 5,00,000/- p.m.

Sl. No.	Name	Age (Years)	Designation / Nature of Duties	Remuneration Received (₹ in Lakhs)	Qualification	Exp. (Years)	Date of commencement of Employment	Previous Employment	
								Post Held	Name of Previous employer
1.	Mr. Sushil Bhatler	54	Managing Director	25.95	B.E.Chem (Hons) from Birla Institute of Technology, Pilani	32	1st January, 2011	Business Head - Metallurgy	Binani Industries Limited

**Notes:**

- 1. Gross Remuneration shown above is subject to tax, and comprises salary, allowances, monetary value of perquisites and Company's contribution to medical insurance and Provident Fund.
- 2. The nature of employment of Mr. Sushil Bhatler is contractual.
- 3. Mr. Sushil Bhatler is not relative of the Directors of the Company.

## AUDITORS' REPORT

The Members of **Binani Zinc Limited**,

We have audited the attached Balance Sheet of BINANI ZINC LIMITED as at 31st March, 2011 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central 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 & Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit & 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 the Directors and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi. As stated in Note No. B.5 of Schedule 14 attached to the accounts, no provision has been made in the accounts for disputed demands for electricity charges for reasons stated therein, the final outcome and the extent of final 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 31st March 2011;
- ii. in the case of the Profit and Loss Account, of the loss 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 & Varma  
(FRN: 004532S)

**Vivek Krishna Govind**  
Partner

Chartered Accountants  
Membership No. 208259

Place : Mumbai  
Date : 22nd April, 2011

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

1. (a) The Company has maintained 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 inventory (excluding stocks with third parties) have been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of (such) verification is reasonable.  
(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. Accordingly, clauses (iii) (b) to (iii) (d) of the paragraph 4 of the Order are not applicable  
(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. Accordingly, clauses (iii) (f) to (iii) (g) of the paragraph 4 of the Order are not applicable
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, we have neither come across nor we been informed of any continuing failure to correct major weaknesses in the internal control systems.
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 the register in pursuance of Section 301 of the Companies Act, 1956. Accordingly, Clause (v) (b) of the paragraph 4 of the Order is not applicable
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 have 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 account 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. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate or complete.
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 generally 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 explanations 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 except for import duties amounting to ₹ 2,209.89 Lakhs which is not paid pending the final assessment thereof.  
(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 viz. Binani Industries Limited) have not been deposited with the authorities as at 31st March, 2011:

Name of the Statute	Nature of Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty including interest	36.08	1998-99*	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
	Excise duty (service tax credit on forward exchange contracts)	1.34	2007-08	Commissioner of Central Excise, Customs & Service Tax (Appeals)
	Excise duty (service tax credit on forward exchange contracts)	0.69	April 2009	Commissioner of Central Excise, Customs & Service Tax (Appeals)
	Excise duty (Service tax credit on Employee Welfare Activities)	1.59	2008-09	Commissioner of Central Excise, Customs & Service Tax (Appeals)
	Excise duty (Service tax credit on Public Welfare Activities)	0.22	2008-09	Commissioner of Central Excise, Customs & Service Tax (Appeals)
	Excise duty (Service tax credit on Canteen Activities)	1.33	2008-09	Commissioner of Central Excise, Customs & Service Tax (Appeals)
	Excise duty including penalty (Service tax credit on carriage outwards)	48.58	2008-09	Commissioner of Central Excise, Customs & Service Tax (Appeals)
	Excise duty (service tax credit on selling commission)	13.49	2005-06	Customs, Excise and Service Tax, Appellate Tribunal, Bangalore
Indian Customs Act, 1962	Customs duty (Item classification)	78.40	1984-85*	Asst. Commissioner of Customs, Kochi
	Interest for warehousing period	0.59	1993-94*	Asst. Commissioner of Customs, Kochi
	Interest for warehousing period	12.46	2002-03	Hon'ble High Court of Kerala
	Customs duty (Item classification)	0.56	1995-96*	Customs, Excise and Service Tax, Appellate Tribunal, Chennai
	Customs duty (Item classification)	11.09	1993-94*	Customs, Excise and Service Tax, Appellate Tribunal, Chennai
Income Tax Act, 1961	Interest on MAT	12.44	A.Y.2007-08	Deputy Commissioner of Income Tax, Kolkata

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

10. The Company has no accumulated losses as at the end of the financial year and has incurred cash losses during the year and not incurred cash losses in the immediately preceding financial year, as per the accounts of the Company read with the Notes thereon.
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. According to the information and explanation given to us, 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 term loan availed by the Company have been applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and the records of the Company examined by us, the funds raised on short-term basis have not been used for long-term investment.
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. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Varma & Varma  
(FRN: 004532S)

**Vivek Krishna Govind**  
Partner

Place : Mumbai  
Date : 22nd April, 2011

Chartered Accountants  
Membership No. 208259

**BALANCE SHEET AS AT 31st MARCH, 2011**

(₹ in Lakhs)

PARTICULARS	Schedule	As at 31st March, 2011	As at 31st March, 2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	6,761.81	6,761.81
Reserves and Surplus	2	499.47	1,356.44
		<u>7,261.28</u>	<u>8,118.25</u>
<b>LOAN FUNDS</b>			
Secured Loans	3	8,000.00	5,141.17
<b>DEFERRED TAX LIABILITY (NET)</b> (Refer Note No.B.17 in Schedule 14)		795.00	1,094.00
<b>TOTAL</b>		<u><u>16,056.28</u></u>	<u><u>14,353.42</u></u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	24,048.36	22,831.78
Less :Depreciation		14,857.30	14,022.11
Net Block		9,191.06	8,809.67
Capital Work-in-Progress (including Capital Advances)		377.60	997.34
<b>INVESTMENTS</b>	5	4,223.90	445.89
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	6	12,646.71	12,347.64
Sundry Debtors		33.29	1.56
Cash and Bank balances		4,715.38	5,877.42
Other Current Assets		35.77	1.68
Loans and Advances		8,621.84	5,131.33
		<u>26,052.99</u>	<u>23,359.63</u>
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>	7		
Liabilities		23,516.73	15,936.00
Provisions		272.54	3,323.11
		<u>23,789.27</u>	<u>19,259.11</u>
<b>NET CURRENT ASSETS</b>		<u>2,263.72</u>	<u>4,100.52</u>
<b>TOTAL</b>		<u><u>16,056.28</u></u>	<u><u>14,353.42</u></u>
<b>NOTES ON ACCOUNTS AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES</b>	14		
<b>SCHEDULES 1 TO 7 &amp; 14 FORM PART OF THIS BALANCE SHEET</b>			

As per our report of even date attached

For **Varma & Varma**  
Chartered Accountants  
(FRN: 004532S)

**Vivek Krishna Govind**  
Partner  
Membership No. 208259

Place : Mumbai  
Date : 22nd April, 2011

**R. Venkiteswaran**  
Chief Financial Officer  
(Group Control Accounts)

**Upendra R. Pathak**  
Company Secretary

For and on behalf of the Board of Directors

**Braj Binani**  
Chairman

**Sushil Bhatner**  
Managing Director

Place : Mumbai  
Date : 22nd April, 2011



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

(₹ in Lakhs)

PARTICULARS	Schedule	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>INCOME</b>			
Sales	8	43,737.35	41,641.50
Less: Excise Duty		4,117.28	3,241.61
		<u>39,620.07</u>	<u>38,399.89</u>
Other Income (Refer Note No.B.8 in Schedule 14)		1,898.80	1,128.45
<b>TOTAL</b>		<u>41,518.87</u>	<u>39,528.34</u>
<b>EXPENDITURE</b>			
Raw Materials and Goods Consumption	9	26,801.90	23,645.67
Other Manufacturing Expenses	10	8,579.49	8,747.75
Payments to and Provision for Employees	11	1,614.78	1,528.60
Selling and Administration Expenses	12	2,396.23	3,094.15
Interest and Finance Charges	13	1,053.51	786.39
Depreciation		859.98	1,220.77
<b>TOTAL</b>		<u>41,305.89</u>	<u>39,023.33</u>
Balance Profit		212.98	505.01
Interest on Power Charges for earlier years (Refer Note No. B.4 (a) of Schedule 14)		1,368.95	-
<b>Profit/(Loss) before Tax</b>		(1155.97)	505.01
Provision for Taxation			
- Current Tax		-	83.00
- Deferred Tax (Refer Note No.B.17 in Schedule 14)		(299.00)	253.00
<b>Profit/(Loss) after Tax</b>		(856.97)	169.01
Profit brought forward from previous year		1356.44	1,187.43
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u>499.47</u>	<u>1,356.44</u>
Earnings per share(Basic/Diluted) (in ₹)			
(Face value per share ₹ 10)		(1.27)	0.25
Number of shares used in computing earnings per share (Basic/Diluted)		67,618,082	67,618,082
<b>NOTES ON ACCOUNTS AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES</b>	14		
<b>"SCHEDULES 8 TO 14 FORM PART OF THIS PROFIT &amp; LOSS ACCOUNT</b>			

As per our report of even date attached

For **Varma & Varma**  
Chartered Accountants  
(FRN: 004532S)

**Vivek Krishna Govind**  
Partner  
Membership No. 208259

Place : Mumbai  
Date : 22nd April, 2011

**R. Venkiteswaran**  
Chief Financial Officer  
(Group Control Accounts)

**Upendra R. Pathak**  
Company Secretary

For and on behalf of the Board of Directors

**Braj Binani**  
Chairman

**Sushil Bhatler**  
Managing Director

Place : Mumbai  
Date : 22nd April, 2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
<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, subscribed and paid-up:</b>		
6,76,18,082 Equity Shares of Rs.10/- each fully paid	6,761.81	6,761.81
(Previous Year 6,76,18,082 Equity Shares of Rs.10/- each fully paid)		
(Allotted as fully paid up consequent upon the transfer of the erstwhile Zinc Division of Binani Industries Limited 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 for consideration other than cash)		
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		
<b>TOTAL</b>	<u>6,761.81</u>	<u>6,761.81</u>
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
Surplus in Profit & Loss Account	499.47	1,356.44
<b>TOTAL</b>	<u>499.47</u>	<u>1,356.44</u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
<b>Loans and Advances from Banks:</b>		
1. Term Loan -UCO Bank (Refer Note No.B.7(Ia) in Schedule 14) [Falling due for payment within one year Rs. 5000 Lakhs (Rs.Nil )]	5,000.00	5,000.00
2. Term Loan - Punjab National Bank (Refer Note No.B.7 (Ib) in Schedule 14) [Falling due for payment within one year Rs. 750 Lakhs (Rs.Nil)]	3,000.00	-
3. Cash Credit (Refer Note No.B.7 (II) in Schedule 14)	-	141.17
<b>TOTAL</b>	<u>8,000.00</u>	<u>5,141.17</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

**SCHEDULE 4  
FIXED ASSETS**

(₹ in Lakhs)

PARTICULARS	FREE HOLD LAND ( Refer Note No.1)	BUILDINGS (INCLUDING ROADS)	PLANT & MACHINERY	FURNITURE & OFFICE EQUIPMENTS	TRANSPORT EQUIPMENTS	TOTAL
<b>GROSS BLOCK (At cost)</b>						
As at 1st April 2010	274.73	1,402.22	20,805.34	179.17	170.32	22,831.78
	(274.73)	(1,060.01)	(19,775.58)	(168.75)	(122.59)	(21,401.66)
Add: Additions/adjustments during the year	-	8.25	1,206.23	20.22	7.99	1,242.69
(Refer Note No. 2)	-	(342.21)	(1,132.40)	(10.47)	(47.73)	(1,532.81)
Less: Sales/Transfers/Adjustments during the year	-	-	11.44	1.06	13.61	26.11
(Refer Note No. 2)	-	-	(102.64)	(0.05)	-	(102.69)
<b>Total as at 31st March 2011</b>	<b>274.73</b>	<b>1,410.47</b>	<b>22,000.13</b>	<b>198.33</b>	<b>164.70</b>	<b>24,048.36</b>
Total as at 31st March 2010	274.73	1,402.22	20,805.34	179.17	170.32	22,831.78
<b>DEPRECIATION</b>						
As at 1st April 2010	-	800.99	12,958.26	142.19	120.67	14,022.11
	-	(755.23)	(11,811.07)	(132.50)	(111.62)	(12,810.42)
Add: For the year	-	49.47	790.39	8.58	11.54	859.98
(Refer Note No. 3)	-	(45.76)	(1,156.25)	(9.71)	(9.05)	(1,220.77)
Withdrawn towards Sales/ Transfers/ Adjustments during the year	-	-	10.37	0.84	13.58	24.79
	-	-	(9.06)	(0.02)	-	(9.08)
<b>Total as at 31st March 2011</b>	<b>-</b>	<b>850.46</b>	<b>13,738.28</b>	<b>149.93</b>	<b>118.63</b>	<b>14,857.30</b>
Total as at 31st March 2010	-	800.99	12,958.26	142.19	120.67	14,022.11
<b>NET DEPRECIATED BLOCK</b>						
<b>Total as at 31st March 2011</b>	<b>274.73</b>	<b>560.01</b>	<b>8,261.85</b>	<b>48.40</b>	<b>46.07</b>	<b>9,191.06</b>
As at 31st March 2010	274.73	601.23	7,847.08	36.98	49.65	8,809.67
Capital Work-in-progress ( Refer Note No.4)						377.60
						(997.34)

**Notes:**

- 1) Freehold land includes Rs.41.42 Lakhs (Rs 41.42 Lakhs) taken possession of for which documentation / registration formalities are being completed.
- 2) Includes Nil (Rs.92.77 Lakhs) reclassified during the year.
- 3) Includes Nil (Rs.379.90 Lakhs) provided towards impairment/write off of assets.
- 4) Capital work-in- progress includes advances for capital expenditure Rs 64.23 Lakhs (Rs 2.05 Lakhs) and materials at site Rs 76.65 Lakhs (Rs 199.23 Lakhs)

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2011	As at 31st March, 2011
<b>SCHEDULE 5</b>		
<b>INVESTMENTS</b>		
<b>Long Term - (Non-Trade)</b>		
<b>Unquoted (At cost)</b>		
<b>A) Investments in Subsidiary Companies :-</b>		
a) <b>RBG Minerals Industries Ltd.</b> 44,40,000 (39,90,000) Equity Shares of Rs.10/ each fully paid up	449.39	404.39
b) <b>Ess Vee Alloys Pvt Ltd.</b> Nil (1,00,000) Equity Shares of Rs.10/ each fully paid up	-	23.00
c) <b>Binani Energy Pvt.Ltd.</b> 10,000 (10,000) Equity Shares of Rs.10/- each fully paid up	1.00	1.00
d) <b>BZ Minerals (Australia) Pty Ltd.</b> 85,25,929 (Nil)Equity Shares of AUD 1/- each fully paid up	3,756.01	-
<b>B) Investments in Other Companies:-</b>		
<b>Kerala Enviro Infrastructure Ltd.</b> 1,75,000 (1,75,000) Equity Shares of Rs.10/- each fully paid up	17.50	17.50
<b>Current investments - (Non-trade)</b>		
<b>Unquoted (At lower of cost or fair value)</b>		
Investments in Mutual Funds (Refer Note No B.19 in Schedule 14)	-	-
<b>TOTAL</b>	<u>4,223.90</u>	<u>445.89</u>
<b>SCHEDULE 6</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Inventories</b>		
Stores & Spare Parts [including in transit- Rs.29.68 Lakhs (Rs.1.48 Lakhs)]	1,147.85	904.09
Raw Materials [including in transit - Nil (Rs. 2469.82 Lakhs)]	10,339.24	10,272.29
Work-in-Progress	178.38	80.09
Finished Goods (including by-products)	981.24	1,091.17
	<u>12,646.71</u>	<u>12,347.64</u>
<b>Sundry Debtors (Unsecured, considered good)</b>		
Debts outstanding for a period exceeding six months	-	-
Other debts	33.29	1.56
	<u>33.29</u>	<u>1.56</u>
<b>Cash and Bank Balances</b>		
Cash balance on hand	2.82	1.67
Balances with Scheduled Banks:		
In Current Accounts [includes debit balance in cash credit account Rs.93.09 Lakhs (Rs.92.50 Lakhs)]	216.17	149.43
In Deposit Accounts	4,496.39	5,726.32
	<u>4,715.38</u>	<u>5,877.42</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

(₹ in Lakhs)

PARTICULARS	As at 31st March, 2011	As at 31st March, 2010
<b>SCHEDULE 6 (continued)</b>		
<b>Other Current Assets</b>		
Interest Accrued on Fixed Deposits	35.77	1.68
	<u>35.77</u>	<u>1.68</u>
<b>Loans and Advances (Unsecured, considered good)</b>		
Advances and Loans to Subsidiaries (Refer Note No.B.24 in Schedule 14)	3,826.07	30.08
Advance for Investment in Subsidiary-RBG Minerals Industries Ltd.	-	8.16
Advances recoverable in cash or kind or for value to be received	3,030.76	2,440.25
Inter Corporate Deposits	-	800.00
Advance Tax/TDS (Net of provision)	-	26.28
Deposits	555.18	548.66
Balance with Customs & Excise Authorities	1,209.83	1,277.90
	<u>8,621.84</u>	<u>5,131.33</u>
<b>TOTAL</b>	<u><u>26,052.99</u></u>	<u><u>23,359.63</u></u>
<b>SCHEDULE 7</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors :		
Due to Micro and Small Enterprises (Refer Note No.B.25 in Schedule 14)	-	-
Due to Others		
- For Trade	15,551.36	11704.24
- For Expenses	5,647.17	2192.40
Advances from Customers	1,451.17	1283.93
Other Liabilities	867.03	755.43
	<u>23,516.73</u>	<u>15,936.00</u>
<b>PROVISIONS:</b>		
Provision for Taxation (Net of Advance tax/TDS)	0.03	-
Provision for Fringe Benefit Tax (Net of Advance Tax)	1.05	2.95
Provision for Leave Encashment	51.42	40.16
Provision for Gratuity (Refer Note No.B.20 (b) in Schedule 14)	-	31.80
Other Provisions (Refer Note No.B.22 in Schedule 14)	220.04	3,248.20
	<u>272.54</u>	<u>3,323.11</u>
<b>TOTAL</b>	<u><u>23,789.27</u></u>	<u><u>19,259.11</u></u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31ST MARCH, 2011**

(₹ in Lakhs)

PARTICULARS	For the year ended 31st March, 2011		For the year ended 31st March, 2010		
	Quantity	Value	Quantity	Value	
<b>SCHEDULE 8</b>					
<b>SALES</b>					
	<b>Units</b>				
Domestic:					
Unwrought Zinc	MT	31,311	38,965.14	35,843	40,506.81
Zinc Alloy	MT	1,628	2,264.61	25	34.00
Zinc Dust	MT	10	14.40	-	-
Sulphuric Acid	MT	46,856	2,367.99	50,863	963.12
Cadmium	KG	69,259	125.21	71,416	137.57
<b>TOTAL</b>			<b>43,737.35</b>		<b>41,641.50</b>
(Quantity is in respect of principal products)					
<b>SCHEDULE 9</b>					
<b>RAW MATERIALS AND GOODS CONSUMPTION</b>					
Raw Materials Consumed			26,822.11		23,049.71
(Increase)/Decrease in Work-in-Process					
Opening Stock			80.09		480.19
Closing Stock			178.38		80.09
			(98.29)		400.10
(Increase)/Decrease in Finished Goods					
Opening Stock			1,091.17		1,267.55
Closing Stock			981.24		1,091.17
			109.93		176.38
Excise Duty on stock adjustment			(31.85)		19.48
<b>TOTAL</b>			<b>26,801.90</b>		<b>23,645.67</b>
<b>Break-up of opening &amp; closing stock of Finished Goods</b>					
(Quantity is in respect of principal products)					
	<b>Unit</b>	<b>Opening Stock</b>		<b>Closing stock</b>	
		<b>Quantity</b>	<b>Value</b>	<b>Quantity</b>	<b>Value</b>
Unwrought Zinc (including Zinc Alloy and Zinc Dust)	MT	961	1,067.91	742	936.82
		(1473)	(1,230.84)	(961)	(1,067.91)
Sulphuric Acid	MT	860	19.33	864	44.42
		(1534)	(24.91)	(860)	(19.33)
Cadmium	KG	1982	3.93	-	-
		(4845)	(11.80)	(1,982)	(3.93)
			1,091.17		981.24
			(1,267.55)		(1,091.17)

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31ST MARCH, 2011**

(₹ in Lakhs)

PARTICULARS	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>SCHEDULE 10</b>		
<b>OTHER MANUFACTURING EXPENSES</b>		
Power & Fuel (Net) (Refer Note No.B.4(b) in Schedule 14)	5,408.18	5,898.90
Consumption of Stores & Spares (Refer Note No.B.11 in Schedule 14)	1,660.72	1,407.30
Repairs to:		
- Buildings	18.60	21.88
- Plant & Machinery	909.86	1,154.12
- Others	100.08	128.02
Other Expenses	482.05	137.53
<b>TOTAL</b>	<b>8,579.49</b>	<b>8,747.75</b>
<b>SCHEDULE 11</b>		
<b>PAYMENTS TO AND PROVISION FOR EMPLOYEES</b>		
Salaries, Wages & Bonus (Refer Note No.B.10 in Schedule 14)	1,401.60	1,238.87
Contribution to Provident and Other Funds (Refer Note No.B.10 and 20 in Schedule 14)	109.39	194.46
Staff Welfare Expenses	103.79	95.27
<b>TOTAL</b>	<b>1,614.78</b>	<b>1,528.60</b>
<b>SCHEDULE 12</b>		
<b>SELLING AND ADMINISTRATION EXPENSES</b>		
Freight & Transport	801.26	783.98
Insurance	37.50	38.00
Rates & Taxes	57.31	40.54
Directors' Fees	1.08	1.20
Rent	3.02	2.92
Management Services' Fees (Refer Note No. B.15 in Schedule 14)	501.13	345.00
Expenditure on Risk Management Transactions [including loss from hedging transactions(net)- Rs Nil (Rs 1029.07 lakhs)]	-	1,036.54
Miscellaneous Expenses	608.81	461.98
Commission to Selling Agents	386.12	383.99
<b>TOTAL</b>	<b>2,396.23</b>	<b>3,094.15</b>
<b>SCHEDULE 13</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Fixed Loans	637.07	283.87
Others	251.71	348.80
Bank Charges	164.73	153.72
<b>TOTAL</b>	<b>1,053.51</b>	<b>786.39</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 2011**

**SCHEDULE -14**

**A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention on accrual basis in accordance with the accounting principles generally accepted in India and the relevant 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; less accumulated depreciation and impairment in value, if any. 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 (except office equipments and transport equipment) is provided on Straight Line Method, at the rates and in the manner prescribed as per Schedule XIV of The Companies Act, 1956.

Depreciation on other fixed assets, office equipments and transport equipments is provided on Written Down Value Method at the rates and in the manner prescribed as per 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 premium/discount is dealt with in the profit and loss account over the period of the contracts and exchange difference on such contracts are recognized in the reporting period in which the exchange rates change.

**EMPLOYEE BENEFITS**

**Defined Contribution Plans**

The Company has defined contribution plans for employees comprising of Government administered Provident Fund, 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) 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.

**ii) 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 losses are recognized only if there is a virtual certainty that sufficient future taxable income will be available to realise the same.

**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 recognises gain or loss on effective hedges on settlement. Unrealised gain/loss as at the Balance sheet date is not recognized.

**B. NOTES ON ACCOUNTS**

1. a) Estimated amount of contracts and commitments remaining to be executed on capital account and not provided for as at the year end amounts to Rs 67.05 Lakhs (Rs.20.58 Lakhs).
- b) Letters of credit opened by banks on behalf of the Company and outstanding as at the year end amounts to Rs.4,451.45 Lakhs (Rs.678.48 Lakhs).

- c) Outstanding guarantees and counter guarantees to various banks, in respect of the guarantees given by those banks in favour of various government authorities and others as at the year end amounts to Rs.519.54 Lakhs (Rs.450.25 Lakhs)
2. Contingent liabilities not provided for (Claims against the Company not acknowledged as debts) :  
(Rs. in Lakhs)

Sr. No.	Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
(a)	Disputed tax / duty and other demands	407.06	252.94
(b)	Disputed demands for power charges	-	3,287.81
<b>Total</b>		<b>407.06</b>	<b>3,540.75</b>

3. The Single Bench of the Hon'ble High Court of Kerala, had in the earlier years disposed the Company's Petition against the Order of the Appellate Authority (Dy. Chief Engineer KSEB) quashing the order levying penalty demand towards alleged unauthorised additional load raised by KSEB, remanding the matter with a direction to take a decision afresh in accordance with Law considering the bonafide conduct of the Company. The Company had obtained all the necessary approvals as stipulated in the conditions of supply of KSEB and since there was no violation, the penal charges are not payable and hence no provision is considered necessary at this stage. The Company has also filed a further writ petition before the Division Bench, challenging that portion of the order, relating to remand which was heard and reserved for judgment.
4. a) During the year, the Government of Kerala has permitted settlement of disputed demand for increase in power tariff w.e.f 01.10.2002, by payment in 32 monthly installments with interest @ 9% per annum. While the principal amount of dispute had been provided for in prior years, the interest payable thereon, amounting to Rs 1,368.95 Lakhs, settled as above, has been fully provided for in this year which includes Rs.1,240.71 Lakhs relating to the prior years.
- b) Also, the government has allowed Pre '92 tariff concession to the Company for the entire period, which has been provisionally computed and taken credit for, at Rs.194.36 Lakhs, which is reduced from Power charges.
5. 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. BIL had taken 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 was treated as no longer payable and written back in the accounts of the Company in the year 2003-04.

The Hon'ble Single Bench of the Kerala High Court 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 is pending disposal.

During the year 2007-08, KSEB cancelled the concessions and raised a demand of Rs. 4,346.79 Lakhs (including interest @ 24% p.a upto 30th November 2007 amounting to Rs.3,389.22 Lakhs). No demand was raised towards interest for the period from 1st December 2007 to 31st March 2011. The above Order was also disputed before the Division Bench. The Division Bench of the Hon'ble High Court vide their Order dated 09.02.2010 held that the counsel for KSEB has stated that the Order cancelling concessions was apparently superfluous and has been issued without considering all relevant factors and the same may be treated as withdrawn. Accordingly the Court allowed the KSEB to treat the above said order as withdrawn and to further hear the Company in this matter.

The Company based on the legal opinion obtained, is hopeful of a favourable decision on final settlement of the issues involved in the matter and hence no provision is considered necessary at this stage.

6. Particulars in respect of goods manufactured

(Rs. in lakhs)

Product	Unit	Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Zinc	MT	Installed Capacity	38,000 *	38000 *
		Actual Production	30,905#	35,552 #

Product	Unit	Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Sulphuric Acid	MT	Installed Capacity	53,063 *	53,063 *
		Actual Production	46,866**	50,255**
Cadmium	KG	Installed Capacity	80,287 *	80,287*
		Actual Production	67,277	68,553
Zinc Alloys	MT	Installed Capacity	10,000 *	10,000*
		Actual Production	1816	94
Zinc Dust	MT	Installed Capacity	600*	600*
		Actual Production	10	-

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

\* Installed capacity being a technical matter, has been assessed by the management and relied on by the auditors.

\*\* Includes 6.93 MT (66 MT) of sulphuric acid used for captive consumption.

# Includes Nil (290MT) of Zinc converted to zinc dust for captive consumption. Zinc production is net of zinc used for alloys and zinc dust of 1,758 MT (94 MT)

7. **LOANS – SECURED**

I. Term Loan

- a) UCO Bank – Balance Outstanding Rs.5,000 Lakhs (Rs.5,000 Lakhs)

Secured by first hypothecation and mortgage charge on all movable and immovable fixed assets of the Company, both present and future.

- b) Punjab National Bank – Balance Outstanding Rs.3,000 Lakhs (Rs.Nil)

Secured / to be secured by first pari passu charge on all movable and immovable fixed assets of the Company, both present and future.

II. Bank Borrowings for Cash Credits

- i) Oriental Bank of Commerce – Debit Rs.41.66 Lakhs (Credit Rs.141.17 Lakhs)

Facilities are 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, consumable stores and spares, Export / Local Bills receivable, book debts, movable plant and machinery, stores and spares relating to the machinery and other movables belonging to the Company, 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.
8. Other Income comprise of:

(Rs. in Lakhs)

Sr. No.	Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
i)	Interest from Banks/ Others [TDS deducted Rs. 13.13 Lakhs (Rs.33.52 Lakhs)]	213.43	232.67
ii)	Income from Risk Management Transactions (Net)	801.39	Nil
iii)	Insurance Claims	9.76	Nil
iv)	Gain on foreign currency exchange variation (Net)	362.16	481.71
v)	Scrap/Industrial Waste Sales	406.08	381.36
vi)	Liability no longer payable written back	38.39	10.08
vii)	Dividend on investments in Mutual Funds	43.34	19.73
viii)	Income from sale of Investments	8.00	Nil
ix)	Profit on sale of Fixed Assets (Net)	2.62	Nil
x)	Interest on Income Tax refund	10.66	Nil
xi)	Others	2.97	2.90
	<b>Total</b>	<b>1,898.80</b>	<b>1,128.45</b>

9. Raw Material Consumption :

Particulars	For the year ended 31.03.2011 Quantity (MT)	Value (Rs. in Lakhs)	%	For the year ended 31.03.2010 Quantity (MT)	Value (Rs. in Lakhs)	%
Zinc Concentrate - Imported	57,136	22,656.94	84	54,565	18,623.05	81
Zinc Concentrate - Indigenous	9,260	4,165.17	16	12,970	4,426.66	19
<b>Total</b>	<b>66,396</b>	<b>26,822.11</b>	<b>100</b>	<b>67,535</b>	<b>23,049.71</b>	<b>100</b>

10. Managerial Remuneration

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2011	
	Managing Director	Whole Time Director and CEO
Salary & Allowances	23.22 (-)	32.27* (28.07)
Contribution to Provident and other Funds	1.86 (-)	3.17 (2.85)
Perquisites**	0.28 (-)	0.22 (0.07)
<b>Total</b>	<b>25.36</b> (-)	<b>35.66</b> (30.99)

\* Includes Leave accumulated and allowed to be encashed during the year Rs.1.03 Lakhs though not covered by the earlier approval of the Central Government, is now within the limits permitted under Schedule XIII to the Companies Act, 1956.

\*\* 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.

Shri Sushil Bhattar has been appointed as Managing Director of the Company with effect from 01.01.2011 by the Board of Directors of the Company, subject to the approval of the Company in the General Meeting which is being sought for in the ensuing Annual General Meeting of the Company, as also the approval of Central Government which has been sought for.

11. Stores and spare parts consumption included under other heads in the Profit and Loss Account amounts to Rs 708.70 Lakhs (Rs. 725.02 Lakhs).

12. Value of imports calculated on CIF basis

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Raw Materials	25,962.82	21,497.99
Stores and Spares	421.23	328.51
Capital Goods	12.31	278.51
<b>Total</b>	<b>26,396.36</b>	<b>22,105.01</b>

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

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Professional & Consultancy fees	131.45	70.07
Expenditure on Risk Management Transactions (Net)	-	1,124.39
Interest	116.43	188.13
Others	10.95	6.78
<b>Total</b>	<b>258.83</b>	<b>1,389.37</b>

- b) Earnings in Foreign Exchange (on cash basis)

(Rs. in Lakhs)

	For the year ended 31.03.2011	For the year ended 31.03.2010
Income from Risk Management Transactions (Net)	833.66	-

14. Remuneration to Auditors (Included under Miscellaneous Expenses in Schedule-12, Selling and Administration expenses)

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
Audit Fees	5.75	4.25
Other Services	1.05	0.73
Out of pocket expenses	0.33	0.41
<b>Total</b>	<b>7.13</b>	<b>5.39</b>

15. Selling and Administration Expenses include Rs.501.13 Lakhs (Rs.345 Lakhs) being Management Services' Fees paid to Binani Industries Ltd.(BIL), the Holding Company towards providing corporate support services related to Accounting, Finance, Treasury, Forex/Commodity Risk Management, Purchases, Audit, Taxation, Corporate Strategy, Media Services, Project Management etc.
16. Fixed Assets include certain items of plant and machinery which could not be fully used during the year due to operational / technical reasons, which are being brought to optimum operational levels.
17. Deferred Tax Liability(Net) as on 31.03.2011 comprise of the following:

(Rs. in Lakhs)

Sr. No.	Particulars	As at 31.03.2011	As at 31.03.2010
a)	Deferred Tax Liability - Depreciation on Fixed Assets	1,390.68	1,389.34
	<b>Total</b>	<b>1,390.68</b>	<b>1,389.34</b>
b)	Deferred Tax Asset-		
	Unabsorbed Depreciation *	(578.27)	(229.15)
	Other Disallowances	(17.41)	(66.19)
	<b>Total</b>	<b>(595.68)</b>	<b>(295.34)</b>
	Deferred Tax Liability (Net)	<b>795.00</b>	1,094.00

\* Deferred tax asset does not include Rs 115.09 Lakhs (Rs 111.38 Lakhs) relating to disallowance of certain items in appeal, disputed by the Company before the Honourable High Court of Calcutta.

18. The Company operates in a single segment i.e. 'Production and Sales of Zinc in India'. The Company's entire Zinc sales are in India. Hence no additional disclosures under Accounting Standard 17- "Segment Reporting" are required in these financial statements.
19. Investments purchased and sold during the year ended March 31, 2011:

(Rs. in Lakhs)

Name of the Fund	Units	Cost
Baroda Liquid Institutional Daily Dividend	16,289,737.47	1,630.00
Baroda Treasury Institutional Daily Dividend	1,498,636.24	150.00
Birla Cash Manager IP Daily Dividend	1,499,550.13	150.00
Birla Cash Plus Institutional Daily Dividend	8,765,509.11	900.00
Birla Saving Fund Institutional Daily Dividend	999,320.46	100.00
DSP Black Rock Money Manager Institutional Daily Dividend	12,490.01	125.00
IDBI Liquid Daily Dividend	2,250,000.00	225.00
IDBI Ultra Short Term Fund	3,000,000.00	300.00
JP Morgan Liquid Fund Super Inst. Daily Dividend	36,171,424.57	3,620.00
Kotak Floater Short Term Daily Dividend	24,465,708.47	2,475.00
Kotak Liquid Institutional Premium Daily Dividend	39,867,191.14	4,875.00
LIC Liquid Fund	24,589,939.98	2,700.00
Peerless Liquid Super Inst Daily Dividend	27,995,800.63	2,800.00
Reliance Liquid Fund Institutional Daily Dividend	3,597,734.08	550.00
Reliance Medium Term-DDR	1,608,572.82	275.00
SBI Premier Liquid Institutional Daily Dividend	2,990,281.58	300.00
SBI Magnum Insta Cash Daily Dividend	597,004.23	100.00
UTI Floating Rate Short Term Daily Dividend	39,969.20	400.00
UTI Liquid Cash Institutional Daily Income	186,375.79	1,900.00
UTI Money Market Inst. Daily Dividend	49,831.30	500.00
UTI Treasury Advantage Inst. Plan Daily Div	24,994.65	250.00

**20. EMPLOYEE BENEFITS**

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

a. Defined Contribution Plans

During the year the Company has recognised Rs 64.05 Lakhs (Rs 25.01 Lakhs) in the Profit and Loss Account on account of defined contribution plans.

b. Defined Benefit Plans - Gratuity (Funded)

(Rs. in Lakhs)

Particulars		31.03.2011	31.03.2010
i)	Actuarial Assumptions		
	Discount Rate (per annum)	8.25%	8.25%
	Expected return on plan assets	8%	8%
	Salary escalation rate *	4%	4%
	Mortality rate	LIC (1994-1996) rate	LIC (1994-1996) rate

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

(Rs. in Lakhs)

Particulars		31.03.2011	31.03.2010
ii)	Reconciliation of present value of obligation:		
	Present value of obligation at beginning of the year	387.53	323.97
	Current Service Cost	27.68	21.70
	Interest Cost	31.97	25.39
	Actuarial (gain)/loss	(32.55)	52.77
	Benefits Paid	(80.38)	(36.30)
	Curtailements	Nil	Nil
	Settlements	Nil	Nil
	Present value of obligation at end of the year	334.25	387.53

(Rs. in Lakhs)

Particulars		31.03.2011	31.03.2010
iii)	Reconciliation of fair value of plan assets :		
	Fair value of plan assets beginning of the year	355.73	315.04
	Expected return on plan assets	28.46	27.75
	Actuarial gain/(loss)	0.93	(0.76)
	Contributions	60.00	50.00
	Benefits paid	(80.38)	(36.30)
	Assets distributed on settlement	Nil	Nil
	Fair value of plan assets at end of the year	364.74	355.73



(Rs in Lakhs)

Particulars		31.03.2011	31.03.2010
iv)	Net (Asset)/Liability recognised in the Balance Sheet as at year end:		
	Present value of obligation at end of the year	334.24	387.53
	Fair value of plan assets at end of the year	364.73	355.73
	Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	(30.49)	31.80
v)	Expenses recognised in the Profit and Loss Account:		
	Current Service Cost	27.68	21.70
	Interest Cost	31.97	25.38
	Expected return on plan assets	(28.46)	(27.75)
	Actuarial (gain) /loss recognised in the period	(33.47)	53.53
	Past Service Cost	Nil	Nil
	Curtailment cost	Nil	Nil
	Settlement cost	Nil	Nil
	Total expenses recognised in the Profit and Loss Account for the year	(2.28)	72.86
	Actual return on plan assets	29.39	26.99

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors.

21. 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	Fellow Subsidiaries	Key Management Personnel	Holding Company	Enterprises where Key Management Personnel have got significant influence	Total
Sales	53.30 (85.06)	- (-)	- (-)	- (-)	- (-)	53.30 (85.06)
Purchase of Goods and Services	- (-)	15.34 (-)	- (-)	501.13 (345.00) (refer note 2)	14.24 (14.19)	530.71 (359.19)
Interest Received	- (-)	38.52 (32.56)	- (-)	- (-)	- (-)	38.52 (32.56)
Managerial Remuneration	- (-)	- (-)	61.02 (30.99) (refer note 1)	- (-)	- (-)	61.02 (30.99)
Advances made for investment	- (38.16)	(-) (-)	(-) (-)	(-) (-)	(-) (-)	- (38.16)

(Rs. in Lakhs)

Particulars	Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Holding Company	Enterprises where Key Management Personnel have got significant influence	Total
Investments	<b>3801.01</b> (200.00)	- (-)	- (-)	- (-)	- (-)	<b>3801.01</b> (200.00)
Sale of Investments	- (-)	- (-)	- (-)	- (-)	<b>31.00</b> (-)	<b>31.00</b> (-)
Loans & Advances given	<b>3820.83*</b> (9.74)	- (800.00)	- (-)	- (-)	- (-)	<b>3820.83</b> (809.74)
Loans & Advances – repayment received	<b>0.11</b> (-)	<b>800.00</b> (-)	- (-)	- (-)	<b>26.39</b> (-)	<b>826.50</b> (-)
Balance outstanding as on 31.03.2011						
-Due To	- (-)	<b>3.00</b> (-)	- (-)	- (-)	- (-)	<b>3.00</b> (-)
-Due From	<b>3826.07</b> (38.24)	- (800.00)	- (-)	- (-)	- (-)	<b>3826.07</b> (838.24)

(Figures in brackets pertain to previous year)

\*Includes exchange fluctuation differences

**Note:**

- The remuneration to key management personnel Mr. Sushil Bhattar amounts to Rs 25.36 Lakhs (Rs. Nil) and Mr. Roy Kurian K K amounts to Rs.35.66 Lakhs (Rs.30.99 Lakhs) as per details furnished in Note No. B.10 of this schedule.
- Management Services' Fees charged by Holding Company amounting to Rs.501.13 Lakhs (Rs.345 Lakhs) as stated in Note No.B.15 of this schedule.
- Names of related parties and description of relationship:
  - Holding Company: Binani Industries Limited
  - Fellow Subsidiary: Binani Cement Limited, Goa Glass Fibre Limited. BIL Infratech Ltd
  - Subsidiaries: RBG Minerals Industries Ltd, Ess Vee Alloys Pvt Ltd (upto 31.01.2011) Binani Energy Private Limited & BZ Minerals (Australia)Pty Ltd.
  - Key Management Personnel: Mr Braj Binani, Mr Ibrahim Ali, Mr S.Padmakumar, Mr.V.Subramanian, Mr Sushil Bhattar (Managing Director w.e.f 01.01.2011).and Mr. Roy Kurian K K.

- e) Transactions with enterprises where Key Management Personnel have got significant influence:
- (i) Mr Braj Binani in Binani Industries Ltd, Binani Cement Limited, Goa Glass Fibre limited & Binani Metals Ltd
  - (ii) Mr. Ibrahim Ali in RBG Minerals Industries Ltd.
  - (iii) Mr. V. Subramanian in Binani Cements Limited, Binani Metals Ltd, Binani Energy Private Limited, BT Composites Ltd & Goa Glass Fibre Ltd
  - (iv) Mr S. Padmakumar in Binani Cement Limited, Goa Glass Fibre Ltd & Binani Industries Ltd.
  - (v) Mr Sushil Bhatler in Binani Energy Private Ltd, Ess Vee Alloys Pvt. Ltd., RBG Minerals Industries Limited & BZ Minerals(Australia) Pty Ltd.
  - (vi) Mr Roy Kurian K.K. in RBG Minerals Industries Limited, Binani Energy Private Limited and Ess Vee Alloys Private Limited
22. The details of provisions and contingent liabilities (disclosed in terms of Accounting Standard – 29 issued by the Institute of Chartered Accountants of India)
- Other provisions (disputed electricity demands)

(Rs. in Lakhs)

Balance as at 01.04.2010	Additional provision during the year (net)	Amounts used/ changed during the year	Unused amounts reversed	Balance as at 31.03.2011
3,248.20	-	3,004.50 *	23.66	220.04

\* Regrouped under Current Liabilities during the year on settlement of dispute.

23. (i) The Company has undertaken hedging against the risk in commodity prices (zinc prices) through derivative instruments in London Metal Exchange. The gain/losses are recognised in the Profit and Loss Account on settlement of the transaction.
- (ii) In pursuance of the announcement dated 29.03.2008 of the Institute of Chartered Accountants of India on accounting for derivatives, mark to market gains (net) on outstanding derivative instruments as at 31.03.2011 stood at Rs.70.63 Lakhs (Rs.46.68 Lakhs), which is not recognized in the accounts.
- (iii) Particulars of year-end foreign currency exposures as at 31.03.2011 not hedged by derivative instruments are given below:

Particulars	As at 31.03.2011				As at 31.03.2010			
	Amount	Currency	Exchange Rate	Amount (Rs in Lakhs)	Amount	Currency	Exchange Rate	Amount (Rs in Lakhs)
Receivables	2,29,897	USD	44.56	102.44	1,05,341	USD	45.00	47.40
	45,644	AUD	46.08	21.03	-	-	-	-
	60,27,600	EURO	63.33	3817.28	-	-	-	-
Trade Payables	1,75,92,773	USD	44.65	7,855.17	98,81,054	USD	45.00	4,446.47

24. Advances to Subsidiaries include Nil (Rs.24.73 Lakhs) [ Maximum amount outstanding during the year- Rs.26.39 Lakhs] recoverable from Ess Vee Alloys Pvt. Ltd (subsidiary upto 31.01.2011), Rs 0.92 Lakhs (Rs.1.03 Lakhs) [ Maximum amount outstanding during the year- Rs. 1.53 Lakhs] from Binani Energy Private Limited, Rs.3,820.83 Lakhs [ Maximum amount outstanding during the year- Rs. 3,820.83 Lakhs] from BZ Minerals (Australia)Pty Ltd, and Rs.4.32 Lakhs (Rs.4.32 Lakhs) [ Maximum amount outstanding during the year- Rs.4.32 Lakhs] from RBG Minerals Industries Limited.
25. The Company has initiated the process of identifying the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as at 31st March 2011, disclosures relating to amounts unpaid as at the year end, if any, have not been furnished. In the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.
26. Previous year's figures have been regrouped / reclassified wherever necessary. Figures in brackets represent figures relating to previous year.

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**As per our report of even date attached**

For **Varma & Varma**  
Chartered Accountants  
**(FRN: 004532S)**

**Vivek Krishna Govind**  
Partner  
Membership No. 208259

Place : Mumbai  
Date : 22nd April, 2011

**R. Venkiteswaran**  
Chief Financial Officer  
(Group Control Accounts)

**Upendra R. Pathak**  
Company Secretary

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

**Braj Binani**  
Chairman

**Sushil Bhatner**  
Managing Director

Place : Mumbai  
Date : 22nd April, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011**

(Rs.in Lakhs)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit/(Loss) Before Tax</b>	<b>(1,155.97)</b>	505.01
Adjustments For:		
Depreciation	859.98	1,220.77
Interest & Finance Charges	1,053.50	786.39
(Profit) /Loss on sale of Fixed Assets	(2.62)	0.72
Unrealised Gain on Exchange rate Fluctuation (Net)	(332.89)	(142.14)
Sundry Balances Written Off/ Written Back ( Net)	(38.39)	(10.47)
Profit on sale of Investments including dividend received	(51.34)	(19.73)
Interest Income	(213.43)	(232.67)
<b>Operating Profit Before Working Capital Changes</b>	<b>118.84</b>	2,107.88
Adjustments For:		
Inventories	(299.07)	(7,252.47)
Trade and Other Receivables	(4,320.57)	(1,448.99)
Trade and Other Payables	4,873.46	10,468.38
	<b>253.82</b>	1,766.92
<b>Cash Generated from Operations</b>	<b>372.66</b>	3,874.80
Tax Refund Received/(Tax Paid)	26.32	(35.55)
<b>Net Cash from Operating Activities</b>	<b>398.98</b>	3,839.25
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(622.95)	(1,545.29)
Sale of Fixed Assets	3.93	0.12
Investment in Subsidiaries	(3,801.01)	(47.90)
Purchase of Mutual Funds	(24,325.00)	(10,023.00)
Sale of Mutual Funds	24,325.00	10,023.00
ICD refunded by Goa Glass Fibre Limited	800.00	-
ICD placed with Goa Glass Fibre Limited	-	(800.00)
Sale of Investments in Subsidiary	31.00	-
Dividend Income	43.34	19.73
Interest Income Received	179.34	240.98
<b>Net Cash used in Investing Activities</b>	<b>(3,366.35)</b>	(2,132.36)
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from long term borrowings	3,000.00	5,000.00
Increase /(Decrease) in short term bank borrowings	(141.17)	141.17
Interest & Finance Charges Paid	(1,053.50)	(657.03)
Repayment of long term borrowings	-	(3,000.00)
<b>Net Cash from Financing Activities</b>	<b>1,805.33</b>	1,484.14
<b>D NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(1,162.04)</b>	3,191.03
<b>E OPENING CASH &amp; CASH EQUIVALENTS</b>	<b>5,877.42</b>	2,686.39
<b>F CLOSING CASH &amp; CASH EQUIVALENTS (D+E)</b>	<b>4,715.38</b>	5,877.42
Note: Cash and Cash equivalents at the end of the year includes Rs.2266.74 Lakhs (Rs.723.52 Lakhs) under lien which is not available for use as on the Balance Sheet date.		

As per our report of even date attached

For **Varma & Varma**  
Chartered Accountants  
(FRN: 004532S)

**Vivek Krishna Govind**  
Partner  
Membership No. 208259  
Place : Mumbai  
Date : 22nd April, 2011

**R. Venkiteswaran**  
Chief Financial Officer  
(Group Control Accounts)

**Upendra R. Pathak**  
Company Secretary

For and on behalf of the Board of Directors

**Braj Binani**  
Chairman

**Sushil Bhatler**  
Managing Director

Place : Mumbai  
Date : 22nd April, 2011

**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	1	1
---	---	---	---

**II CAPITAL RAISED DURING THE YEAR (Amt. in ₹ Thousands)**

Public Issue 

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

 Right Issue : 

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

Bonus Issue 

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

 Private Placement : 

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

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amt. in ₹ Thousands)**

Total Liabilities 

1	6	0	5	6	2	8
---	---	---	---	---	---	---

 Total Assets 

1	6	0	5	6	2	8
---	---	---	---	---	---	---

**SOURCES OF FUNDS**

Paid up Capital 

6	7	6	1	8	1
---	---	---	---	---	---

 Reserve & Surplus 

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

Secured Loans 

8	0	0	0	0	0
---	---	---	---	---	---

 Unsecured Loans 

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

Deferred Tax liability 

7	9	5	0	0
---	---	---	---	---

**APPLICATION OF FUNDS**

Net Fixed Assets (Including Capital work in progress) 

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

 Investments 

4	2	2	3	9	0
---	---	---	---	---	---

Net Current Assets 

2	2	6	3	7	2
---	---	---	---	---	---

**IV PERFORMANCE OF Company (Amt. in ₹ Thousands)**

Turnover 

3	9	6	2	0	0	7
---	---	---	---	---	---	---

 Total Expenditure 

4	1	3	0	5	8	9
---	---	---	---	---	---	---

Loss Before Tax 

1	1	5	5	9	7
---	---	---	---	---	---

 Loss After Tax 

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

Earning Per Share in Rs. 

(	1	.	2	7	)
---	---	---	---	---	---

 Dividend Rate % 

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

**V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF Company (AS PER MONETARY ITEMS)**

Item Code No. (ITC Code)

Product Description

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

U	N	W	R	O	U	G	H	T	Z	I	N	C
---	---	---	---	---	---	---	---	---	---	---	---	---

2	8	0	7	0	0	0
---	---	---	---	---	---	---

S	U	L	P	H	U	R	I	C	A	C	I	D
---	---	---	---	---	---	---	---	---	---	---	---	---

8	1	0	7	1	0	0
---	---	---	---	---	---	---

C	A	D	M	I	U	M
---	---	---	---	---	---	---

Statement pursuant to Section 212 (3) and 212(5) of the Companies Act, 1956 relating to Subsidiary Companies of Binani Zinc Limited (BZL) for the year ended 31st March 2011

Sr. No	Name of the Subsidiary Company	RBG Minerals Industries Ltd.	Binani Energy Pvt. Ltd.	BZ Minerals (Australia) Pty Ltd.
1	Country of Incorporation	India	India	Australia
2	Financial year / period of the Subsidiary Company	April 1, 2010 to March 31, 2011	April 1, 2010 to March 31, 2011	April 6, 2010 to March 31, 2011
3	Relationship with BZL	Subsidiary	Subsidiary	Subsidiary
4	<b>Information pursuant to Section 212 (3) of the Companies Act 1956</b>			
A)	Extent of the Holding Company's interest in the Subsidiary as at the end of the Financial Year / Period :			
	Number of Equity Shares	44,40,000 Equity Shares of Rs. 10/- each	10,000 Equity Shares of Rs. 10/- each	8,525,929 ordinary shares of AUD 1 each
	Number of Preference shares	Nil	Nil	Nil
	% of Share Holding (Excluding Preference Share Capital)	100	100	100
B)	<b>Net aggregate amount of Profits / (Losses) of the subsidiaries so far it concerns members of BZL, not dealt with in the standalone accounts of the Company :</b>			
a)	For the financial year / period of the subsidiary Companies' aforesaid (Rs. in Lakhs)		0.06	{6.69}
b)	For the previous financial year / period of the subsidiary Companies' since they became the holding company's subsidiary (Rs. in Lakhs)	-	2.41	
5	<b>Information pursuant to Section 212 (5)</b>			
a)	Change in the Holding company's interest between the end of the financial year of the subsidiary and holding company	-	-	-
b)	Material change between the end of the financial year of subsidiary and holding company :	-	-	-
i)	Subsidiary's investment	-	-	-
ii)	the money lent by Subsidiary	-	-	-
iii)	Money borrowed by subsidiary for any purpose other than that of meeting current liabilities.	-	-	-

**Note:**

Indian Rupees equivalent figures have been arrived at by applying the year end exchange rate prevailing at the subsidiaries closure of books of accounts for all Assets & Liabilities which is 1AUD = Rs. 43.0852.

For and on behalf of the Board of Directors

**R. Venkiteswaran**  
Chief Financial Officer  
- Group Control Accounts

**Braj Binani**  
Chairman

Place : Mumbai  
Date : 22nd April, 2011

**Upendra R. Pathak**  
Company Secretary

**Sushil Bhatler**  
Managing Director

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the **14th Annual Report** together with Audited Statements of Accounts for the year ended **31st March 2011**.

### 1. Preamble

- 1.1 The Basantgarh, Deri & Ambaji mines were explored during 1969 to 1980 by Hindustan Copper Ltd., Rajasthan State Mines & Minerals Ltd., and Gujarat Mineral Development Corporation Ltd., respectively. Being small size mines were found uneconomical to exploit individually, they were closed in 90's and the expenditure incurred by individual lease holders was written off.

Binani Zinc Ltd., in search of raw material for its zinc smelter at Kochi, prepared a pre-feasibility study and observed the project is profitable if all the three mines are operated jointly with common beneficiation plant. This was further confirmed by SRK Consulting, USA, consultant appointed under USTDA grant, and declares the project as robust in their Feasibility Study (Bankable Document) in December, 2003.

- 1.2 R.B.G Mineral Industries Ltd. (RBG) was jointly floated by Binani Zinc Ltd. (BZL) and Rajasthan State Mines & Minerals Ltd. (RSMML) in July 1997 to exploit the project. Later on, Gujarat Mineral Development Corporation (GMDC) joined the joint sector Company in 2001, after the approval of Government of Gujarat on 13/11/01.

Chairman RSMML, MD, GMDC and MD, RBG agreed in meeting held on October 5, 2002, wherein share holding pattern was accepted as:

Binani - 65%

GMDC - 25%

RSMM - 10%

### 2. Status of Ambaji Mining Project

#### 2.1. Mining Leases (ML)

##### a. Basantgarh

The ML (52 Ha) was executed on 23.08.2007 and registered on 07.09.2007 in favour of the Company (RBG).

##### b. Deri

The ML (63 Ha) was executed and registered on 07.09.2007 in favour of RSMML. MD, RSMML has submitted transfer application in favour of the RBG to the Director, DMG on 20.07.2009. Chief Secretary vide Deputy Secretary, Ministry of Mines, GoR letter dated 22.02.2011 directed RSMML to deposit Rs. 1.64 crores to DMG against interest towards late payment of exploration/Development charges and advised DMG for immediate transfer of mines to RBG.

Asset evaluation carried out by IBM, Nagpur have been received, which has already been accepted by RBG as per mutual agreement between RBG & RSMML.

##### c. Ambaji

The ML (184.98 Ha.), renewed on 17.01.2011 upto 23.07.2023 in favour of GMDC.

GMDC Board and Government of Gujarat reaffirmed earlier approval dated 01.09.2001 of Joint Venture Operation on 18.03.2010.

GMDC assigned the consultancy to IBM, Nagpur for valuation of Ambaji mine assets. To expedite the transfer, the Company agreed to accept the valuation being carried out by IBM in order to implement the project at the earliest. Controller General, IBM advised Dr. B. P. Sinha, Controller, Mines to take up the job on fast track. Dr. Sinha desired to visit site for valuation of assets. Accordingly, it is being arranged

#### 2.2. Statutory Clearances of all Mines

- i. NOC from Forest Department.
- ii. Mining Plan approved by Indian Bureau of Mines (IBM).
- iii. Permission from Central Ground Water Authority (CGWA).
- iv. Environment clearance from MoEF.
- v. Consent to establish under Air & Water Act from State Pollution Control Board.
- vi. Land required for all mines has been acquired.

#### 2.3. Beneficiation Plant

##### a. Land

- i. 29-14 Bigha of land has been purchased.
- ii. State Government allotted 6-10 Bigha government land to the Company for industrial use.

##### b. Statutory Clearances

- i. NOC from Forest Department.
- ii. Permission from Central Ground Water Authority (CGWA).
- iii. Environment clearance from MoEF.
- iv. Consent to establish under Air & Water Act from State Pollution Control Board.

##### c. Engineering

- i. Basic Engineering completed by Lyntek, USA.
- ii. Lyntek extended Supervision agreement for detail Engineering, construction & commissioning.



**d. Procurement**

Revised Bids received for supply of equipment, detail engineering, erection and commissioning of 2000 beneficiation plant after incorporating addition/deletion.

The plant will be completed within 18 months from date of financial closure.

**2.4. Water Dam**

- i. The Chief Engineer, Department of Water Resources, Jaipur accorded approval for construction of dam.

**3. Directors**

- i. Mr L. P. Khamesara was re-appointed as Director by rotation at the Annual General Meeting held on September 25, 2010;
- ii. Mr Roy Kurian K. K. was re-appointed as Director by rotation at the Annual General Meeting held on September 25, 2010;
- iii. Mr Sushil Bhattar, Additional Director was appointed as Director at the Annual General Meeting held on September 25, 2010;
- iv. Mr A. L. Thakor, Director retire at the forthcoming Annual General Meeting by rotation, and being eligible, offer himself for re-appointment;
- v. Mr M. L. Majumdar, Director retire at the forthcoming Annual General Meeting by rotation, and being eligible, offer himself for re-appointment.

**4. Particulars under Section**

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

**5. Foreign Exchange Earnings & Outgo**

Foreign Exchange Earnings & Outgo during the year was Nil.

**6. 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.

**7. 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.

**8. 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.

**9. Allotment of Shares**

M/s Binani Zinc Ltd., the holding Company, was allotted 4,50,000 Equity Shares of Rs. 10/- each fully paid out of the un-issued share capital of the Company in the meeting of the Board of Directors held on March 26, 2011.

**10. Transfer of Shares**

No shares were transferred during the year.

**11. Directors' Responsibility Statement**

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

- (a) In the preparation of the annual accounts, all applicable accounting standards have been followed and proper explanation relating to material departures, if any, have been furnished;
- (b) 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;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 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.

**12. Acknowledgement**

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**

**Ibrahim Ali**  
Chairman cum  
Managing Director

**Ram Mohan**  
Director

Place : Udaipur  
Date : 15th April, 2011

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

CIN : U27101RJ1997PLC014021

Nominal Capital : Rs. 5,00,00,000/-

To,

**The Members of R.B.G. Minerals Industries Limited**

I have examined the Register, records, books and papers of **R.B.G. Minerals Industries Limited** 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 **31st March 2011**. 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 **15.04.10, 28.08.10, 18.12.10 and 26.03.11** in respect of which meetings proper notices were 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 **31.03.2010** was held on **25.09.2010** 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 entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within 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) no transfer and transmission of securities during the financial year however allotment of shares 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 and appointment of Additional Director during the financial year.
15. The Company has not reappointed 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 or such other authorities as prescribed under the various provisions 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 issued equity shares during the financial year.
20. The Company has not bought back any shares/debentures during the financial year ending 31st March 2011.
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 58A 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 31st March 2011 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 received by the Company and no fines or penalties or any other punishment was imposed on the Company during financial year.
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 are properly complied by the Company during the financial year.

(DEEPAK VIJAYWARGEY)

A.C.S. No. 18221

C. P. No. 6321

Place : Udaipur

Date : 15th April, 2011

**ANNEXURE 'A'**

<b>Name of Company</b>	<b>R.B.G. Mineral Industries Limited</b>	<b>CIN</b>	<b>U27101RJ1997PLC014021</b>
<b>Authorised Capital</b>	<b>₹ 5,00,00,000/-</b>	<b>Paid up Capital</b>	<b>₹ 4,44,00,000/-</b>

- (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
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**ANNEXURE 'B'**

<b>Name of Company</b>	<b>R.B.G. Mineral Industries Limited</b>	<b>CIN</b>	<b>U27101RJ1997PLC014021</b>
<b>Authorised Capital</b>	<b>₹ 5,00,00,000/-</b>	<b>Paid Up Capital</b>	<b>₹ 4,44,00,000/-</b>

Forms and Returns as filed with the Registrar of Companies during the financial year ending on 31st March 2011.

S.No.	Form no/ Return	Filed U/S	Date of Documents	Date of filing	Whether filed within prescribed time	If delay in filing whether requisite additional fee paid
1.	Compliance Certificate	383(1A)	31.03.2010	30.09.2010	YES	N/A
2.	Annual Return	159(1)	25.09.2010	30.09.2010	YES	N/A
3.	Balance Sheet etc.	220(1)	31.03.2010	30.09.2010	YES	N/A
4.	Form-32	303(2)	25.09.2010	30.09.2010	YES	N/A
5.	Form-2	75	26.03.2011	31.03.2011	YES	N/A

Forms and returns as filed by the Company with Regional Director during the financial year ending 31st March 2011.	<b>NIL</b>
Forms and returns as filed by the Company with Central Government during the financial year ending 31st March 2011.	
Forms and returns as filed by the Company with other authorities during the financial year ending 31st March 2011.	

(DEEPAK VIJAYWARGEY)

A.C.S. No. 18221

C. P. No. 6321

Place : Udaipur

Date : 15th April, 2011

## AUDITORS' 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 31st March, 2011 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, 2011 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 31st March, 2011.
  - (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  
M.No. 71644

Place : Udaipur  
Date : 15th April, 2011

**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 ENDED ON 31ST MARCH, 2011**

- 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 under Section 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 from / to any party during the year, accordingly the clause relating to purchase / sales in excess of Rs. 5,00,000/- (Rs. Five Lakhs) or more from the parties listed under Section 301 of the Companies Act, 1956 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.
- xvii) 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 debentures 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  
M.No. 71644

Place : Udaipur  
Date : 15th April, 2011

**BALANCE SHEET AS AT 31ST MARCH, 2011**

(Amount in Rs.)

PARTICULARS	SCHEDULE	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
<b>SOURCE OF FUNDS :</b>			
<b>1. SHAREHOLDERS FUND:</b>			
Share Capital	A	44,400,000	39,900,000
Share Application Money		-	816,000
		<u>44,400,000</u>	<u>40,716,000</u>
<b>2. LOAN FUNDS</b>			
Secured Loans		-	-
Unsecured Loans		-	-
<b>3. DEFERRED TAX LIABILITY</b>			
<b>TOTAL</b>		<u>44,400,000</u>	<u>40,716,000</u>
<b>APPLICATION OF FUNDS:</b>			
<b>1. INVESTMENT</b>	B	3,000	3,000
<b>2. FIXED ASSETS</b>	C		
Gross Block		3,251,288	2,928,388
Less : Depreciation		374,315	364,455
Net Block		<u>2,876,973</u>	<u>2,563,933</u>
<b>3. PREOPERATIVE EXPENDITURE</b>	D	<u>37,732,671</u>	<u>34,388,239</u>
(Pending allocation)			
<b>4. CURRENT ASSETS, LOANS &amp; ADVANCES</b>	E	3,856,498	3,826,370
Less: CURRENT LIABILITIES AND PROVISION	F	<u>476,922</u>	<u>473,322</u>
		<u>3,379,576</u>	<u>3,353,048</u>
<b>5. MISCELLANEOUS EXP.</b>			
(To the extent not written off or adjusted)		407,780	407,780
<b>TOTAL</b>		<u>44,400,000</u>	<u>40,716,000</u>
<b>NOTES ON ACCOUNTS</b>	G		
<b>NOTE : SCHEDULES REFERRED ABOVE FORMS AN INTEGRAL PART OF THE ACCOUNTS</b>			

As per our report of even date attached

For **R. K. Pokharana & Co.**  
Chartered Accountants

**R.K. Pokharana**  
Proprietor  
Membership No. 71644

Place : Udaipur  
Date : 15th April, 2011

For and on behalf of the Board of Directors

**Ibrahim Ali**  
Managing Director

**Ram Mohan**  
Director

Place : Udaipur  
Date : 15th April, 2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

(Amount in Rs.)

PARTICULARS	SCHEDULE	As at	
		31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
<b>INCOME :</b>			
Sales		-	-
<b>TOTAL</b>		-	-
<b>EXPENDITURE :</b>			
Administrative Expenses		-	-
Selling & Distribution expenses		-	-
Financial Charges		-	-
Depreciation		-	-
Expenses Written off		-	-
Income tax Provision		-	-
Deferred tax liability		-	-
<b>TOTAL</b>		-	-
Net Profit (+)/Loss(-) of the year		-	-
Profit (+)/Loss(-) of Previous year		-	-
<b>TOTAL</b>		-	-
<b>NOTES ON ACCOUNTS AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES</b>	G		
<b>SCHEDULES REFERRED ABOVE FORMS AN INTEGRAL PART OF THE PROFIT &amp; LOSS ACCOUNT</b>			

As per our report of even date attached

For **R. K. Pokharana & Co.**  
Chartered Accountants

**R.K. Pokharana**  
Proprietor  
Membership No. 71644  
Place : Udaipur  
Date : 15th April, 2011

For and on behalf of the Board of Directors

**Ibrahim Ali**  
Managing Director

**Ram Mohan**  
Director

Place : Udaipur  
Date : 15th April, 2011

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

(Amount in Rs.)

PARTICULARS	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
5,000,000 Equity Shares of Rs. 10/- each	50,000,000	50,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
ISSUED, SUBSCRIBED & PAID UP :		
4,440,000 Equity Shares of Rs. 10/- each (Pr. Yr. 3,990,000 Equity Shares of Rs. 10/- each) (All Shares held by Binani Zinc Ltd. & its nominees)	44,400,000	39,900,000
<b>TOTAL</b>	<u>44,400,000</u>	<u>39,900,000</u>
<b>SHARE APPLICATION MONEY</b>		
	-	816,000
	-	816,000
<b>SCHEDULE B</b>		
<b>INVESTMENTS</b>		
National Savings Certificate (Pledged - Sales Tax Deptt.)	3,000	3,000
<b>TOTAL</b>	<u>3,000</u>	<u>3,000</u>

**SCHEDULE C  
FIXED ASSETS**

(Amount in Rs.)

PARTICULARS	GROSS AMOUNT			DEPRECIATION			NET AMOUNT		
	AS AT 1-Apr-10	ADDITION / DELETION	AS AT 31-Mar-11	AS AT 1-Apr-10	FOR THE YEAR	ADJUSTMENTS	AS AT 31-Mar-11	AS AT 31-Mar-11	AS AT 31-Mar-10
LAND	2,499,533.00	322,900.00	2,822,433.00	-	-	-	-	2,822,433.00	2,499,533.00
MAPS & PERIODICALS	275,755.00	-	275,755.00	226,771.00	6,814.00	-	233,585.00	42,170.00	48,984.00
SURVEY INSTRUMENTS	67,600.00	-	67,600.00	55,641.00	1,663.00	-	57,304.00	10,296.00	11,959.00
COMPUTER	85,500.00	-	85,500.00	82,043.00	1,383.00	-	83,426.00	2,074.00	3,457.00
<b>TOTAL</b>	<b>2,928,388.00</b>	<b>322,900.00</b>	<b>3,251,288.00</b>	<b>364,455.00</b>	<b>9,860.00</b>	<b>-</b>	<b>374,315.00</b>	<b>2,876,973.00</b>	<b>2,563,933.00</b>
PREVIOUS YEAR	2,781,218.00	147,170.00	2,928,388.00	352,303.00	12,152.00	-	364,455.00	2,563,933.00	2,428,915.00



**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

(Amount in Rs.)

	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
<b>SCHEDULE D</b>		
<b>PREOPERATIVE EXPENDITURE</b>		
(Pending Allocation)		
Balance b/f	34,388,239	31,620,186
Payment & Provision for Employees	119,280	107,528
Audit fee	11,000	11,000
Bank Charges & Commission	925	2,839
Contract Services Fee	2,532,452	1,800,724
Consultancy fees (FMV Assessment)	-	594,900
Depreciation	9,860	12,152
Legal & other Expenses	48,971	15,652
Newspaper, Books & Periodicals	467	-
Office expenses	107,463	106,472
Postage & Courier	2,409	2,408
Telephone, Fax & Mobile	14,683	12,575
Printing & Stat./ Computer Exp.	8,304	20,413
Basantgarh Mines - Dead Rent	165,485	104,000
Basantgarh/ Deri Mines - Licence Fee & others	306,000	-
Board Sitting Fees	15,000	15,000
Travelling expenses	156,982	197,038
Interest on Bank F.D.R./ Others	(154,849)	(234,648)
<b>TOTAL</b>	<b>37,732,671</b>	<b>34,388,239</b>
<b>SCHEDULE E</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>A. CURRENT ASSETS :</b>		
1. <b>INVENTORIES</b>	-	-
(As taken valued and certified by the management at cost or market price whichever is less)		
2. <b>SUNDRY DEBTORS :</b>		
(Unsecured Considered good)		
I. Outstanding for a period exceeding six months	-	-
ii. Others	-	-
3. <b>CASH &amp; BANK BALANCES</b>		
Cash in hand	11,380	14,838
Balance with Scheduled Bank	3,295,451	3,255,633
<b>TOTAL (A)</b>	<b>3,306,831</b>	<b>3,270,471</b>
<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	-	-
T.D.S. / Income Tax (on FDR)	40,560	45,933
Fringe Benefit Tax (Advance)	1,707	2,566
Security Deposits	507,400	507,400
<b>TOTAL B</b>	<b>549,667</b>	<b>555,899</b>
<b>TOTAL (A+B)</b>	<b>3,856,498</b>	<b>3,826,370</b>

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

(Amount in Rs.)

	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
<b>SCHEDULE F</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors (Binani Zinc - Adv. for Land Purchase)	432,002	432,002
Professional Fees Payable	-	9,000
Audit fees Payable	11,000	11,000
P. F. Payable	1,920	1,920
T.D.S. Payable	32,000	19,400
<b>TOTAL</b>	<b>476,922</b>	<b>473,322</b>
<b>PROVISIONS</b>		
FBT Provision	-	-
	-	-
	-	-
<b>TOTAL</b>	<b>476,922</b>	<b>473,322</b>
<b>BALANCE WITH SCHEDULE BANKS</b>		
Bank of Baroda	10,715	11,938
ICICI Bank Ltd.	904,285	758,551
F.D.R. with ICICI Bank Ltd.	2,000,000	2,000,000
F.D.R. with Bank of Baroda (A/c Mining Engineer, Bhilwara)	3,918	3,918
F.D.R. with Bank of Baroda (A/c Mining Engineer, Sirohi)	10,000	10,000
F.D.R. with Punjab National Bank (for BG with IBM, Ajmer)	303,000	303,000
Accrued Int. on F.D.R. (ICICI Bank)	11,189	141,170
Accrued Int. on F.D.R. (Bank of Baroda)	3,550	2,488
Accrued Int. on F.D.R. (PNB)	48,794	24,568
<b>TOTAL</b>	<b>3,295,451</b>	<b>3,255,633</b>
<b>SECURITY DEPOSITS</b>		
R.S.M.D.C. (for Mining Lease)	500,000	500,000
M/s Gurukripa Petroleum Exchange	5,000	5,000
M/s Shiv Shakti Gas Agency	1,400	1,400
M/s Reliance Infocomm Ltd.	1,000	1,000
<b>TOTAL</b>	<b>507,400</b>	<b>507,400</b>

**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 (WDV) method at the rates prescribed as per the Schedule XIV to the Companies Act.

**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 31.03.2011 is as follows :

(Amount in Rs.)

S.No.	Particulars	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
1.	Preoperative Expenditure	3,77,32,671	3,43,88,239
2.	Miscellaneous Expenditure	4,07,780	4,07,780
	<b>Total</b>	<b>3,81,40,451</b>	<b>3,47,96,019</b>

**6. REMUNERATION TO AUDITORS**

	2010-2011	2009-2010
Audit & Taxation fee (Rs.)	11,000	11,000

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

(Amount in Rs.)

Particulars	2010-11	2009-10
Earnings (Net)	Nil	Nil
Outgo (Net)	Nil	Nil

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 :-

(Amount in Rs.)

Particulars	2010-11	2009-10
Share Application money received during the year	36,84,000	38,15,538
Balance in Share Application Money as on 31.03.2011/ 31.03.2010	Nil	8,16,000

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  
Membership No. 71644

Place : Udaipur  
Date : 15th April, 2011

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

**Ibrahim Ali**  
Managing Director

**Ram Mohan**  
Director

Place : Udaipur  
Date : 15th April, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

(Amt. in Rs.)

Particulars	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
<b>Cash Flow From Operating Activities</b>		
Net Profit Before Tax		
Operating Profit Before Working Capital		
Charges Adjustment for :		
Trade and other Receivables	6,232	(21,969)
Trade and other Payable	3,600	16608
Cash Generated from Operations	9,832	(5,361)
Direct Taxes Paid (including FBT)	-	-
<b>A. Net Cash from Operating Activities</b>	<b>9,832</b>	<b>(5,361)</b>
Cash Flow from Investing Activities		
- Purchase of Fixed Assets/Preoperative Exp.	(38,12,320)	(34,37,719)
- Sale of Fixed Assets	-	-
- Interest Income received	154,849	2,34,648
<b>B. Net Cash Used in Investing Activities</b>	<b>(36,57,471)</b>	<b>(32,03,071)</b>
Cash Flow from Financing Activities		
- Proceeds from Share Capital/ Share		
Application Money	36,84,000	38,15,538
- Increase in other Borrowings	-	-
- Interest & Finance Charges paid	-	-
<b>C. Net cash from Financing Activities</b>	<b>36,84,000</b>	<b>38,15,538</b>
<b>D. Net Increase/(Decrease) in cash &amp; cash Equivalents (A+B+C)</b>	<b>36,361</b>	<b>6,07,106</b>
<b>E. Opening Cash &amp; Cash Equivalents (Cash and Bank Balances)</b>	<b>32,70,471</b>	<b>26,63,365</b>
<b>F. Closing Cash &amp; Cash Equivalents (D+E) (Cash and Bank Balances)</b>	<b>33,06,832</b>	<b>32,70,471</b>

As per our report of even date attached

For **R. K. Pokharana & Co.**  
Chartered Accountants

**R.K. Pokharana**  
Proprietor  
Membership No. 71644

Place : Udaipur  
Date : 15th April, 2011

For and on behalf of the Board of Directors

**Ibrahim Ali**  
Managing Director

**Ram Mohan**  
Director

Place : Udaipur  
Date : 15th April, 2011

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

(Amt. in Rs. Thousands)

**I REGISTRATION DETAILS**

Registration No. 

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

 State Code 

1	7
---	---

  
Balance Sheet Date 

3	1
---	---

0	3
---	---

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

**II CAPITAL RAISED DURING THE YEAR**

Public Issue 

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

 Right Issue : 

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

  
Bonus Issue 

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

 Private Placement : 

4	5	0	0
---	---	---	---

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

Total Liabilities 

4	4	4	0	0
---	---	---	---	---

 Total Assets 

4	4	4	0	0
---	---	---	---	---

**SOURCES OF FUNDS**

Paid up Capital 

4	4	4	0	0
---	---	---	---	---

 Reserve & Surplus 

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

  
Secured Loans 

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

 Unsecured Loans 

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

  
Share Application Money 

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

**APPLICATION OF FUNDS**

Net Fixed Assets 

2	8	7	7
---	---	---	---

 Investments 

3
---

  
Net Current Assets 

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

 Misc. Expenditure 

4	0	8
---	---	---

  
Accumulate Losses 

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

 Pre-Operative Expenditure 

3	7	7	3	3
---	---	---	---	---

**IV PERFORMANCE OF Company**

Turnover 

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

 Total Expenditure 

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

  
Profit / Loss Before Tax 

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

 Profit / Loss After Tax 

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

  
Earning Per Share in Rs. 

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

 Dividend 

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

**V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF Company (AS PER MONETARY ITEMS)**

Item Code No. (ITC Code) 

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

 Product Description 

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

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 14th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2011

### FINANCIAL RESULTS

(Amount in ₹)

Particulars	2010- 11	2009- 10
Interest Income/Sales	21,388	18,918
Profit before Tax	8,326	12,772
Provision for Tax	2,573	3,947
Profit after Tax	5,753	8,825
Balance of Profit b/f	2,41,491	2,32,666
Balance Carried to Balance Sheet	2,47,244	2,41,491

### BUSINESS REVIEW

Your Board is evaluating various options to undertake business relating to generation and / or distribution of electricity.

### DIVIDEND

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

### FIXED DEPOSITS

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

### 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 (the Act), Mr. Roy Kurian K.K. retires by rotation and being eligible, he has offered himself for re-appointment.

### AUDITORS' OBSERVATIONS

No observations are made by the Auditors

### AUDITORS

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

### PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

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.

### DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of 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, has been furnished.
- Accounting policies as listed in Schedule '7' to the financial statements have been selected and consistently applied and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2011 and of the Profit of the Company for the Accounting year ended on that day;
- 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;
- The annual accounts have been prepared on a going concern basis

### ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and thank 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.

For and on behalf of the Board

**Sushil Bhatner**      **Roy Kurian K.K.**  
Director                      Director

Place : Mumbai  
Date : 21st April, 2011

## AUDITORS' REPORT

To, the Members  
Binani Energy Private Limited

We have audited the attached Balance Sheet of **BINANI ENERGY PRIVATE LIMITED** as at 31st March, 2011 and also the Profit and Loss Account & 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 disclosure 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.

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 accounts as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement referred to in this report is in agreement with the books of account.
- d) In our opinion and to the best of our information and according to the explanations given to us, the Profit & Loss Account, Balance Sheet and 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (i) 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, Profit & Loss Account and 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. In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 2011,
  - ii. In so far as it relates to the Profit & Loss Account of the **PROFIT** of the company for the year ended on that date; and
  - iii. In so far 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 ₹ 50 Lakhs;
  - ii. the company does not have loan outstanding ₹ 25 Lakhs or more from any bank or financial institutions and
  - iii. The company does not have turnover exceeding ₹ 5 crores.

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

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

Place : Mumbai  
Date : 21st April, 2011

**BALANCE SHEET AS AT 31ST MARCH 2011**

(Rupees)

PARTICULARS	SCHEDULES	As at 31st March, 2011	As at 31st March, 2010
<b>SOURCES OF FUNDS</b>			
Share Capital	1	100,000	100,000
Reserve & Surplus	2	247,244	241,491
		<u>347,244</u>	<u>341,491</u>
<b>LOAN FUNDS</b>			
Unsecured Loan	3	91,546	104,150
<b>TOTAL</b>		<u>438,790</u>	<u>445,641</u>
<b>APPLICATION OF FUNDS</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Cash & Bank Balances	4	430,692	430,692
Loans and Advances		20,885	20,236
		<u>451,577</u>	<u>450,928</u>
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	5	12,787	5,287
		<u>12,787</u>	<u>5,287</u>
<b>NET CURRENT ASSETS</b>			
<b>TOTAL</b>		<u>438,790</u>	<u>445,641</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>			
The Schedules referred to above & Notes to Accounts form integral part of Balance Sheet		7	

As per our attached Report of even date

For R. P. Laddha & Associates  
Chartered Accountants

CA R. P. Laddha  
Proprietor  
Membership No. 48195

Place : Mumbai  
Date : 21st April, 2011

For and on behalf of the Board of Directors

Sushil Bhattar      Roy Kurian K.K.  
Director              Director

Place : Mumbai  
Date : 21st April, 2011



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

(Rupees)

PARTICULARS	Schedule	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>INCOME</b>			
Interest Income		21,388	18,918
<b>TOTAL</b>		<b>21,388</b>	<b>18,918</b>
<b>EXPENDITURE</b>			
Administration Expenses	6	13,062	6,146
<b>TOTAL</b>		<b>13,062</b>	<b>6,146</b>
Profit before Tax		8,326	12,772
Provision for Tax		2,573	3,947
Profit after Tax		5,753	8,825
Balance Brought forward		241,491	232,666
Balance Carried to Balance Sheet		<b>247,244</b>	<b>241,491</b>
Earning Per Share ( Refer Note 2(iii) of schedule 7)		0.58	0.88
Basic and Diluted (in Rupees)			
Number of Equity Shares (Basic and Diluted)		10,000	10,000
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	7		
The Schedules referred to above & Notes on Accounts form integral part of Profit & Loss Account			

As per our attached Report of even date

For R. P. Laddha & Associates  
Chartered Accountants

CA R. P. Laddha  
Proprietor  
Membership No. 48195

Place : Mumbai  
Date : 21st April, 2011

For and on behalf of the Board of Directors

Sushil Bhattar      Roy Kurian K.K.  
Director              Director

Place : Mumbai  
Date : 21st April, 2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

PARTICULARS	(Rupees)	
	As at 31st March, 2011	As at 31st March, 2010
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
1,00,000 Equity Shares of Rs. 10 /- each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued, Subscribed and Paid up</b>		
10,000 Equity Shares of Rs. 10 /- each (All the shares are held by Binani Zinc Ltd. the holding company and its nominees)	100,000	100,000
<b>TOTAL</b>	<u>100,000</u>	<u>100,000</u>
<b>SCHEDULE 2</b>		
<b>RESERVE AND SURPLUS</b>		
Profit and Loss Account	247,244	241,491
<b>TOTAL</b>	<u>247,244</u>	<u>241,491</u>
<b>SCHEDULE 3</b>		
<b>Unsecured Loan</b>		
Binani Zinc Limited	247,244	104,150
<b>TOTAL</b>	<u>247,244</u>	<u>104,150</u>
<b>SCHEDULE 4</b>		
<b>CURRENT ASSETS LOANS AND ADVANCES</b>		
<b>Cash and Bank Balances</b>		
Cash in hand	2,593	3,644
<b>Balances with Scheduled Banks</b>		
Current Accounts	78,099	77,049
Deposit Accounts	350,000	350,000
<b>Loans and Advances</b>		
Advance tax including TDS (Net of Tax Provision)	3,306	3,513
Sales Tax Refund Receivable	2,806	2,806
Interest Accrued	14,773	13,917
<b>TOTAL</b>	<u>451,577</u>	<u>450,929</u>
<b>SCHEDULE 5</b>		
<b>CURRENT LIABILITIES AND PROVISION</b>		
Sundry Creditors for Expenses	12,787	5,287
<b>TOTAL</b>	<u>12,787</u>	<u>5,287</u>
<b>SCHEDULE 6</b>		
Administration Expenses		
Auditor's Remuneration	7,500	2,500
Professional Fees	4,412	2,740
Bank Charges	100	300
Filing Fees	1,050	606
<b>TOTAL</b>	<u>13,062</u>	<u>6,146</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

(Rupees)

PARTICULARS	For the year ended 31st March, 2011	For the year ended 31st March, 2010
<b>Cash Flow From Operating Activities</b>		
<b>Net Profit Before Tax</b>	<b>8,326</b>	12,772
Adjustments for:		
Interest Income	(21,388)	(18,918)
Operating Profit Before Working Capital Changes	<b>(13,062)</b>	(6,146)
Adjustments for:		
Trade and Other Payables	7,500	2,500
Loans and advances	-	-
Cash Generated from Operations	<b>(5,562)</b>	(3,646)
Tax Refund	200	-
Direct Taxes Paid	(2,560)	(2,796)
<b>A Net Cash from Operating Activities</b>	<b>(7,922)</b>	(6,442)
<b>Cash Flow from Investing Activities</b>		
Interest Income Received	20,526	13,951
<b>B Net Cash Used in Investing Activities</b>	<b>20,526</b>	13,951
<b>Cash Flow from Financing Activities</b>		
Increase /decrease in Unsecured Loan	(12,604)	1,400
<b>C Net Cash from Financing Activities</b>	<b>(12,604)</b>	1,400
<b>D Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>-</b>	8,909
<b>E Opening Cash &amp; Cash Equivalents (Cash and Bank Balances)</b>	<b>430,692</b>	421,783
<b>F Closing Cash &amp; Cash Equivalents (D+E) (Cash and Bank Balances)</b>	<b>430,692</b>	430,692

As per our attached Report of even date

For R. P. Laddha & Associates  
Chartered Accountants

CA R. P. Laddha  
Proprietor  
Membership No. 48195

Place : Mumbai  
Date : 21st April, 2011

For and on behalf of the Board of Directors

Sushil Bhattar  
Director

Roy Kurian K.K.  
Director

Place : Mumbai  
Date : 21st April, 2011

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011**

**SCHEDULE - 7**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The financial statements are prepared on accrual basis (except dividend income) and under the historical cost convention in accordance with accounting principles generally accepted in India and the provisions of the Companies Act, 1956.

**USE OF ESTIMATES**

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

**REVENUE RECOGNITION**

Revenue is recognised on accrual basis.

**TAXATION**

Income tax is accounted in accordance with AS-22 'Accounting for taxes on income', issued under Accounting Standards Rules 2006, which includes current tax and deferred tax. Deferred income tax reflect the impact of the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

**CONTINGENT LIABILITY**

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

**2. NOTES TO ACCOUNTS**

- (i) 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.

- (ii) The Company has not started business and therefore Segment disclosures as per Accounting Standard 17 are not applicable.

- (iii) Earning Per Share:

For the purpose of calculation of Basic & Diluted Earning per Share the following amounts are considered:

(Rupees)

Particulars	2010-11	2009-10
a. Net Profit / (Loss) attributable to equity shareholders (Rs.) (a)	5,753	8,825
b. Weighted average number of equity shares (b)	10,000	10,000
c. Basic and diluted earnings per share (Rs.) (c=a/b)	0.58	0.88
Nominal Value per Equity Share (Rs.)	10	10

**SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011**

- (iv) Related Party disclosure as per AS 18 issued by the Institute of Chartered Accountant of India.

The Company has entered into the following transactions in ordinary course of business with Binani Zinc Ltd., the Holding Company.

(Rupees)

Particulars	2010-11	2009-10
Loans & Advances taken/ (given)	52,560	(1400)
Amount repaid during the Year	65,164	Nil
Balance Payable as on 31.3.2011	91,546	104150

- (v) 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 at least equal to the amounts stated in the balance sheet.

- (vi) Figures of previous year has been regrouped/ rearranged wherever necessary

As per our attached Report of even date

For R. P. Laddha & Associates  
Chartered Accountants

CA R. P. Laddha  
Proprietor  
Membership No. 48195

Place : Mumbai  
Date : 21st April, 2011

For and on behalf of the Board of Directors

Sushil Bhatler                      Roy Kurian K.K.  
Director                                      Director

Place : Mumbai  
Date : 21st April, 2011

**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	1
---	---

  
 Balance Sheet Date 

3	1
---	---

0	3
---	---

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

**II CAPITAL RAISED DURING THE YEAR (Amt. in Rs. Thousands)**

Public Issue 

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

 Right Issue : 

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

  
 Bonus Issue 

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

 Private Placement : 

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

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amt. in Rs. Thousands)**

Total Liabilities 

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

 Total Assets 

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

**SOURCES OF FUNDS**

Paid up Capital 

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

 Reserve & Surplus 

2	4	7
---	---	---

  
 Share Application Money 

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

 Unsecured Loans 

9	2
---	---

  
 Secured Loans

**APPLICATION OF FUNDS**

Net Fixed Assets 

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

 Investments 

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

  
 Net Current Assets 

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

 Profit & Loss Account 

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

**IV PERFORMANCE OF COMPANY (Amt. in Rs. Thousands)**

Turnover 

2	1
---	---

 Total Expenditure 

1	3
---	---

  
 Profit Before Tax 

8
---

 Profit After Tax 

6
---

  
 Earning Per Share in Rs. 

0	.5	8
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 Dividend Rate % 

N	I	L
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**V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY ITEMS)**

Item Code No. (ITC Code) 

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

 Product Description 

N	I	L
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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2011**

Your directors present their report, together with the statement of the Group, being the Company, for the financial year ended 31 March 2011.

**1. General information**

**Directors**

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed
Mr. Sunil Sethy	Director	6 April 2010
Mr. Duane Woodbury	Director	6 April 2010
Mr. Sushil Bhatler	Director	6 April 2010

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**Principal Activities**

The principal activities of BZ Minerals (Australia) Pty Ltd during the financial year were an investment in equity of Meridian Minerals Limited (Meridian) (ASX:MII) an Australian based junior exploration Company and a loan to Meridian (Lennard Shelf Project) Pty Ltd; a subsidiary of Meridian for purchase of a beneficiation plant from Galmoy to be used in Lennard Shelf Project.

No significant change in the nature of these activities occurred during the year.

**2. Operating Results and Review of Operations for the Year**

**Operating Results**

The loss of the Company after providing for income tax amounted to \$ 15,547.

**3. Other items**

**After balance date events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

**Auditors Independence Declaration**

The lead auditors' independence declaration for the year ended 31 March 2011 has been received and can be found in the financial report.

**Indemnifying Officers or Auditors**

The Company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

**Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors:

**Sushil Bhatler**  
Director

**Duane Woodbury**  
Director

Dated this 21st day of April, 2011

**DIRECTORS' DECLARATION**

The Directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

**The directors of the company declare that:**

1. The financial statements and notes, present fairly the company's financial position as at 31 March 2011 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

**Sushil Bhatler**  
Director

**Duane Woodbury**  
Director

Dated this 21st day of April, 2011

## Auditors' Independence Declaration under Section 307C of the Corporations Act 2001 to the Board of Directors of BZ Minerals (Australia) Pty Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2011 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**Gillespies** (Chartered Accountants)

**David M Duff**, Partner (Bowral, Australia)

### INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BZ MINERALS (AUSTRALIA) PTY LTD

#### REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report, being a special purpose financial report, of BZ Minerals (Australia) Pty Ltd (the company), which comprises the statement of financial position as at 31 March 2011, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### The Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the company's constitution and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial

report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting under the company's constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

#### Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of BZ Minerals (Australia) Pty Ltd as of 31 March 2011 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note to the financial statements.

#### Basis of Accounting

Without modifying our opinion, we draw attention to Note 1(a) to the financial statements which describe the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial statements may not be suitable for another purpose.

**Gillespies** (Chartered Accountants)

**David M Duff**, Partner (Bowral, Australia)

**INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2011**

(Rs. in Lakhs)

Particulars	Note	2011 AUD \$	2011 INR
Other Income	2	7,457	3.48
Administrative Expense		(23,004)	(10.74)
<b>Profit before income tax expense</b>		<b>(15,547)</b>	<b>(7.26)</b>
Income tax expense		-	-
<b>Profit from operations</b>		<b>(15,547)</b>	<b>(7.26)</b>

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011**

(Rs. in Lakhs)

Particulars	2011 AUD \$	2011 INR
<b>Profit for the year</b>	<b>(15,547)</b>	<b>(7.26)</b>
Other Comprehensive Income:	-	-
Other Comprehensive Income for the year, Net of Tax	-	-
<b>Total Comprehensive Income for the year</b>	<b>(15,547)</b>	<b>(7.26)</b>

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011**

(Rs. in Lakhs)

Particulars	Ordinary Share AUD \$	Retained Earning AUD \$	Total AUD \$	Ordinary Share INR	Retained Earning INR	Total INR
Balance at 1 April 2010	-	-	-	-	-	-
Loss of the year	-	(15,547)	(15,547)	-	(7.26)	(7.26)
Shares issued during the year	8,525,929	-	8,525,929	3,980.35	-	3,980.35
<b>Balance at 31 March 2011</b>	<b>8,525,929</b>	<b>(15,547)</b>	<b>8,510,382</b>	<b>3,980.35</b>	<b>(7.26)</b>	<b>3,973.09</b>



STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

		(Rs. in Lakhs)	
	Note	2011 AUD \$	2011 INR
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash equivalents	4	958,149	447.31
Prepayments	5	1,568	0.73
<b>TOTAL CURRENT ASSETS</b>		<b>959,717</b>	<b>448.05</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	6	15,811,466	7,381.61
<b>TOTAL NON CURRENT-ASSETS</b>		<b>15,811,466</b>	<b>7,381.61</b>
<b>TOTAL ASSETS</b>		<b>16,771,183</b>	<b>7,829.66</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	51,744	24.16
<b>TOTAL CURRENT LIABILITIES</b>		<b>51,744</b>	<b>24.16</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial Liabilities	8	8,209,057	3,832.41
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,209,057</b>	<b>3,832.41</b>
<b>TOTAL LIABILITIES</b>		<b>8,260,801</b>	<b>3,856.57</b>
<b>NET ASSETS</b>		<b>8,510,382</b>	<b>3,973.09</b>
<b>EQUITY</b>			
Issued Capital (8,525,929 fully paid ordinary shares)	9	8,525,929	3,980.35
Retained Earnings		(15,547)	(7.26)
<b>TOTAL EQUITY</b>		<b>8,510,382</b>	<b>3,973.09</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011**

(Rs. in Lakhs)

	Note	2011 AUD \$	2011 INR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to Suppliers and employees		27,172	12.69
Interest received		7,397	3.45
<b>Net Cash provided by/(used in) operating activities</b>	<b>10 (a)</b>	<b>34,569</b>	<b>16.14</b>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Investment - Meridian Minerals Ltd		(8,525,928)	(3,980.35)
Loan Meridian (Lennard Shelf Project) Pty Ltd		(7,886,662)	(3,681.90)
<b>Net Cash provided by/(used in) Investment activities</b>		<b>(16,412,590)</b>	<b>(7,662.25)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		8,525,929	3,980.35
Proceeds from issue of loan - Binani Zinc Ltd		8,808,475	4,112.25
<b>Net Cash provided by/(used in) financing activities</b>		<b>17,334,404</b>	<b>8,092.60</b>
<b>Net Increase /(decrease) in cash held</b>		<b>956,383</b>	<b>446.49</b>
Effects of Exchange rate on cash holdings in foreign currencies		1,766	0.82
<b>Cash and Cash Equivalent at the end of Financial year</b>	<b>10 (b)</b>	<b>958,149</b>	<b>447.31</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

### 1 Summary of Significant Accounting Policies

#### (a) Basis of Preparation

The directors have prepared the financial statements on the basis that the Company is a non reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001.

The directors have determined that the Company is not a "reporting entity". Consequently the requirements of Accounting Standards issued by the AASB and other professional reporting requirements do not have mandatory applicability to BZ Minerals (Australia) Pty Ltd in relation to the year ended 31 March 2011. However, the directors have determined that in order for the financial report to give a true and fair view of the Company's results of operations and state of affairs, the requirements of Accounting Standards and other professional reporting requirements in Australia relating to the measurement and recognition of assets, liabilities, revenues, expenses and equity should be complied with.

Accordingly, the directors have prepared the financial report in accordance with the following Accounting Standards:

AASB 101: Presentation of Financial Statements

AASB 107: Cash Flow Statements

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors

AASB 121: The Effects of Changes in Foreign Exchange Rates

AASB 1048: Interpretation of Standards

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in notes. The material accounting policies that have been adopted in the preparation of these statements are as follows:

#### (b) Foreign currency translation

The functional and presentation currency of BZ Minerals (Australia) Pty Ltd is Australian Dollars (\$).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange

rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the financial report are taken to profit or loss.

#### (c) Revenue and Other Income

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

#### (d) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income). The Company does not apply deferred tax.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

For the year ended 31 March 2011 the Company does not have any tax liability.

#### (e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand,

deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

**(g) Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(h) Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a) the amount at which the financial asset or financial liability is measured at initial recognition;
- b) less principal repayments;
- c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

**(i) *Financial assets at fair value through profit or loss***

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

**(ii) *Loans and receivables***

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non current assets.)

**(iii) *Held to maturity investments***

Held to maturity investments are non derivative financial assets that have fixed

maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held to maturity investments are included in non current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Company sold or reclassified more than an insignificant amount of the held to maturity investments before maturity, the entire held to maturity investments category would be tainted and reclassified as available for sale.

(iv) *Available for sale financial assets*

Available for sale financial assets are non derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available for sale financial assets are included in non current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets)

(v) *Financial liabilities*

Non derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(vi) *Net assets attributable to unitholders*

Units are redeemable at the option of the unitholder and are therefore classified as financial liabilities. Redemption of units obligates the Company to deliver cash to the unitholder based on the fair value of the units at the date of redemption. The liability at balance date is measured at fair value with changes recognised through profit or loss.

**Loans and receivables**

Loans and receivables are non derivative

financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

**Available for sale financial assets**

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at cost.

**Impairment**

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non cash assets or liabilities assumed is recognised in profit or loss.

**1 Summary of Significant Accounting Policies continued**

**(i) Impairment of Assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including, dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being

the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

**2 Revenue and Other Income**

Particulars	2011 AUD \$	2011 INR (Rs Lakhs)
Other Revenue		
- Interest received	7,397	3.45
- Foreign Exchange realised gains	59	0.03
<b>Total Revenue</b>	<b>7,456</b>	<b>3.48</b>

**3 Auditors' Remuneration**

Particulars	2011 AUD \$	2011 INR (Rs Lakhs)
Remuneration of the auditors of the Company for: -Auditing or reviewing the Financial Statement	5,000	2.33
<b>Total</b>	<b>5,000</b>	<b>2.33</b>

**4 Cash and Cash Equivalents**

Particulars	2011 AUD \$	2011 INR (Rs Lakhs)
State Bank of India, Sydney Branch - Current Account	34,917	16.30
State Bank of India, Sydney Branch - Euro Account	923,232	431.01
<b>Total</b>	<b>958,149</b>	<b>447.31</b>

**5 Other Assets**

Particulars	2011 AUD \$	2011 INR (Rs Lakhs)
CURRENT		
Prepayments	1,568	0.73
<b>Total</b>	<b>1,568</b>	<b>0.73</b>

**6 Other Financial Assets**

Particulars	2011 AUD \$	2011 INR (Rs Lakhs)
NON - CURRENT		
Available for sale Financial assets 6(a)	8,525,928	3,980.35
Loans and Receivable 6(b)	7,285,538	3,401.27
<b>Total Non- Current Assets</b>	<b>15,811,466</b>	<b>7,381.61</b>

**(a) Available -for-sale financial asset compromise:**

Particulars	AUD \$	INR (Rs. Lakhs)
Listed Investment at cost		
Listed Shares- Meridian Minerals LTD (ASX Listed)	8,525,928	3,980.35

**(b) Loans and receivables**

Particulars	AUD \$	INR (Rs. Lakhs)
Loan: Meridian (Lennard shelf Project) Pty Ltd.	7,285,538	3,401.27

**7 Trade and Other Payables**

Particulars	2011 AUD \$	2011 INR (Rs Lakhs)
CURRENT		
Trade Payables	1,100	0.51
Accrued Expenses	5,000	2.33
Account Payable - Binani Zinc Ltd	45,644	21.31
<b>Total</b>	<b>51,744</b>	<b>24.16</b>

**8 Borrowings**

Particulars	2011 AUD \$	2011 INR (Rs Lakhs)
NON CURRENT		
Unsecured liabilities		
Loan: Binani Zinc Ltd	8,209,057	3,832.41

9 ISSUED CAPITAL

Particulars	2011 AUD \$	2011 INR (Rs. in Lakhs)
8,525,929 (P.Y. NIL) Ordinary Shares	8,525,929	3,980.35
<b>Total</b>	<b>8,525,929</b>	<b>3,980.35</b>

The Company has authorised share capital amounting to 8,525,929 Ordinary shares.

**Ordinary Shares**

Particulars	2011 No.
Shares issued during the year	
6 April 2010	1
1 November 2010	2,000,000
29 March 2011	6,525,928
At reporting date	<b>8,525,929</b>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

10 Cash Flow Information

(a) Reconciliation of cash flow from operation with profit after Income Tax

Particulars	2011 AUD \$	2011 INR (Rs. in Lakhs)
Profit for the year	(15,547)	(7.26)
Cash flows excluded from profit attributable to operating activities:		
<b>Non-Cash Flows in profit</b>		
- Unrealised (gain)/losses in foreign exchange	(59)	(0.03)

Particulars	2011 AUD \$	2011 INR (Rs. in Lakhs)
<b>Changes in assets and liabilities</b>		
- (Increase)/decrease in prepayment	(1,568)	(0.73)
- Increase/(decrease) in trade payables and accruals	51,743	24.16
Cash Flow from operations	<b>34,569</b>	<b>16.14</b>

(b) Reconciliation of cash

Particulars	2011 AUD \$	2011 INR (Rs. in Lakhs)
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the Balance Sheet as follows:		
- Cash and cash equivalents	958,149	447.31

11 Company Details

**The Registered Office of the Company is at:**

BZ Minerals (Australia) Pty Ltd  
C/o Gillespies (Southern Highlands) Pty Ltd  
Suite 5, 20 Bundaroo Street  
Bowral NSW 2576

**The Principal Place of business is:**

BZ Minerals (Australia) Pty Ltd  
81 Ringwood Lane  
Exeter NSW 2579





**BINANI ZINC LIMITED**

**Registered Office:** 37/2, Chinar Park, New Town, Rajarhat Main Road, P.O. Hatiara, Kolkata – 700 157

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

**CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE**

- (1) Name(s) of Shareholder(s) :  
(including joint holders, if any)
- (2) Registered address of the sole/  
first named shareholder :
- (3) Registered folio No./DP ID No./Client ID No.\* :  
(\*Applicable to investors holding shares in  
dematerialized form)
- (4) No. of Shares held :
- (5) I/we hereby exercise my/our option to receive the documents such as Notice of Annual General Meeting, Audited Financial Statements, Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report, Explanatory Statement, etc., in electronic mode pursuant to the 'Green Initiative' by the Ministry of Corporate Affairs vide circular dated 29th April, 2011
- (6) My email id is:

Place:

Date:

\_\_\_\_\_  
(Name and Signature of the Member)

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# Binani

## Binani Zinc Limited

**Registered Office:** 37/2, Chinar Park, New Town, Rajarhat Main Road,  
P.O. Hatiara, Kolkata -700 157

### 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 **ELEVENTH ANNUAL GENERAL MEETING** of the Company to be held  
at 3.00 p.m or immediately after the conclusion of 48th Annual General  
Meeting of Binani Industries Limited at Rotary Sadan, 94/2, Chowringhee  
Road, Kolkata-700 020 on Monday, the 27th June 2011 and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

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 Investors holding shares in Electronic Mode.

**Affix  
Revenue  
Stamp**

# Binani

## Binani Zinc Limited

**Registered Office:** 37/2, Chinar Park, New Town, Rajarhat Main Road,  
P.O. Hatiara, Kolkata -700 157

### ATTENDANCE SLIP

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

I hereby record my presence at the **ELEVENTH ANNUAL GENERAL MEETING** held at Rotary Sadan, 94/2, Chowringhee Road, Kolkata -700 020 on Monday, the 27th June 2011 at 3.00 p.m or immediately after the conclusion of 48th Annual General Meeting of Binani Industries Limited.

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.