



# **BINANI INDUSTRIES LIMITED**

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**Annual Report  
2001-2002**

**Binani Industries Limited**

annual report 2001-2002

**BOARD OF DIRECTORS**

**Mr. Braj Binani** **Chairman & Managing Director**

**Mr. S. Padmakumar**  
**Dr. V. C. Shah**  
**Mr. A. C. Chakrabortti**  
**Mr. Sushil Bhatner** } **Wholetime Directors**  
**Mr. N. Mohan upto 31/12/2002**  
**Mr. Deo Hirawat**  
**Mr. D.K. Guha Roy upto 25/7/2003**  
**Mr. G.Venkatakrishnan from 25/7/2003**  
**Mr. E.S.Kumar upto 5/9/2003**  
**Mr. P.K.Sarkar from 5/9/2003**

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Mr. T.R.C Nair

**CHIEF FINANCIAL OFFICER**

Mr. M.K. Chattopadhyaya

**AUDITORS**

S.R.Batliboi &amp; Co., Mumbai

**BANKERS**

Bank of Baroda  
 Indusind Bank Limited  
 Bank of India  
 Allahabad Bank  
 Punjab National Bank  
 The South Indian Bank Ltd.  
 State Bank of Travancore

**LOCATIONS****Registered Office**

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

**Corporate Office**

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

**Mumbai Office**

Feltham House,  
 10, J.N.Heredia Marg,  
 Ballard Estate, Mumbai 400 001

**Project Office**

901/903, Casablanca,  
 Sector -11, Plot No.45,  
 CBD, Belapur, Navi Mumbai 400614

**Works**

Binani Zinc,  
 Binanipuram, Ernakulam, Kerala 683 502

**CORPORATE MANAGEMENT**

**Mr. Braj Binani** – Co-ordinator  
**Mr. Sushil Bhatner** – President (Projects & Binani Zinc)  
**Mr. S. S. Khandekar** – President (Binani Cement Ltd.)  
**Mr. Rajesh Patel** – President (Goa Glass Fibre Ltd.)  
**Mr. Deo Hirawat** – President (Corporate Finance)  
**Mr. T.R.C Nair** – Executive Vice President  
 (Corporate Affairs) & Secretary

**ADVISORS TO CORPORATE MANAGEMENT**

**Mr. Ibrahim Ali**  
**Mr. V. Subramanian**  
**Mr. Ram Mohan**

**DIVISIONS****Mumbai Office**

**Mr.M.K.Chattopadhyaya** – Sr.Vice President  
 (Corporate Accounts)  
**Mr.V.K.Ranka** – Vice President (Finance)  
**Mr.A.K.Jain** – Vice President  
 (Finance & Banking)

**Projects**

**Mr. Roy Kurian** – Asst.Vice President (Projects)  
**Mr. Murali Subramanian** – Asst.Vice President (Projects)  
**Mr. S.B. Asawa.** – Asst. Vice President (Projects)

**Binani Zinc**

**Mr. George Thomas** – Executive Vice President  
**Dr. K. Sasi** – Vice President (R&D)  
**Mr. Mohankumar** – Vice President (HRD) & OHSAS  
**Mr. K. Roshan** – Asstt. Vice President(Materials)  
**Mr. P.B.Sasidharan Pillai** – Asstt. Vice President(Finance)

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## NOTICE TO SHAREHOLDERS

(Adjourned Thirtieth Annual General Meeting)

NOTICE is hereby given that the adjourned Thirtieth Annual General Meeting of the Company will be held at 12.30 p.m. at **Kalamandir, 48, Shakespeare Sarani, Kolkata -700017** on Thursday, the 20<sup>th</sup> November, 2003 to receive and adopt the Directors' Report and Audited Accounts in respect of the year ended 31st March, 2002.

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

Place : Mumbai  
Date : 26<sup>th</sup> September, 2003

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

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Instruments appointing proxies should be deposited at the Registered Office of the company not less than 48 hours before the time fixed for the meeting.
3. The Annual Accounts for the year 2001-02 have been finalised and audited by the Statutory Auditors giving effect to the Schemes of Arrangements of Binani Cement Limited (Merger of Munga Holdings Ltd. with Binani Cement Ltd.) and Goa Glass Fibre Limited approved by the Hon'ble High Court, Calcutta. This Adjourned Annual General Meeting is being convened by the Board under the authority given by the members at their meeting held on 18th December, 2002 to receive, consider and adopt the Audited Balance Sheet as on 31st March, 2002 and the Profit and Loss Account for the year ended on that date and the reports of the Directors' and Auditors' thereon which are annexed hereto.

## NOTICE TO SHAREHOLDERS

(Fortieth Annual General Meeting)

NOTICE is hereby given that the Fortieth Annual General Meeting of the Company will be held at 2.30 P.M. at **Kala Mandir, 48, Shakespeare Sarani, Kolkata- 700 017** on Thursday, the 20<sup>th</sup> November, 2003\* or immediately after the conclusion of the adjourned 39<sup>th</sup> Annual General Meeting scheduled to be held at 12.30 P.M at the same venue, to transact the following business:-

### ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Accounts in respect of the year ended 31<sup>st</sup> March, 2003. (Please see note 8)
2. To appoint a Director in place of Mr. A.C. Chakraborti who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Sushil Bhattar, Wholtime Director who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit to pass, with or without modification the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter), the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions, as may be necessary and subject to such modifications as may be prescribed or imposed while granting such approval, permissions and sanctions which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent be and is hereby accorded to the Board to delist the Company's shares from Madras Stock Exchange Ltd. and Cochin Stock Exchange Ltd. being non-regional Stock Exchanges without offering an exit option to the shareholders of the region concerned".

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

Place : Mumbai  
Date : 26<sup>th</sup> September, 2003

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



**Binani Industries Limited**

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**NOTES:**

1. \* The Registrar of Companies, West Bengal, Kolkata has vide letter No. P82/25584/E.O.T dated 30.7.2003 granted extension of time to hold the 40<sup>th</sup> Annual General Meeting upto 17<sup>th</sup> December, 2003.
2. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.**
3. Instruments appointing proxies should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 14<sup>th</sup> November, 2003 to Thursday, the 20<sup>th</sup> November, 2003 (both days inclusive).
5. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all Unclaimed / Unpaid Dividends upto and inclusive of financial year 1994-1995 have been transferred to the General Revenue Account of the Central Government. ( Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from The Registrar of Companies, West Bengal, Nizam Palace, II M.S.O Building, 234/4, AJC Bose Road, Kolkata - 700 020). Those members who have not encashed their dividend warrants for the financial years ended 31<sup>st</sup> March, 1997, 31<sup>st</sup> March, 1998, 31<sup>st</sup> March, 1999 and 31<sup>st</sup> March, 2000 may claim or approach the Company as the balance will be transferred to the fund established by the Central Government on or before the respective dates indicated below:

Dividend for the year ended 31.03.1997	— 07.11.2004
Dividend for the year ended 31.03.1998	— 25.01.2005
Dividend for the year ended 31.03.1999	— 21.01.2006
Dividend for the year ended 31.03.2000	— 11.11.2007

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

In respect of the dividend for the year ended 31.3.1996 the balance as on 27.8.2003 has been transferred to Investor Education & Protection Fund.

6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No.5 of the notice along with a brief write-up about the Directors coming up for reappointment as required by the listing agreement as set above is annexed hereto.
7. The accounts, the reports and all other documents required under the law to be annexed thereto will be available for inspection during working hours from 10.00 a.m. to 1.00 p.m. at the Registered Office of the Company on any working day except Saturdays and Sundays prior to the date of the Annual General Meeting.
8. The Company has filed a Scheme of Arrangement under Section 391 of the Companies Act, 1956 with the Hon'ble High Court at Kolkata for reorganization and reconstruction of the business and/or financial/capital structure of the Company. Effect of the said Scheme in the accounts of the Company for the financial year ended on 31<sup>st</sup> March, 2003 can be given only upon the Scheme being sanctioned by the Hon'ble High Court at Kolkata and other requisite approvals being received. The related formalities including the approvals from the financial institutions are underway.  
  
Therefore it has become necessary to and it is proposed to adjourn the Annual General Meeting to consider, receive and adopt the Directors' Report and Audited Accounts in respect of the year ended 31<sup>st</sup> March, 2003 but all other business will be conducted as per this notice.
9. Members who are holding shares in identical names under different ledger folios are requested to apply for consolidation of such folios and send the relevant equity share certificates to M/s MCS Ltd.
10. Members who are holding shares in single name are advised, in their own interest to get the shares transferred in joint names. There is a facility available for nomination and shareholders are advised in their own interest to nominate persons for transferring the interest on those shares. Nomination form is available on request.
11. Those shareholders who have not received the adhesive stickers for affixing in the share certificates consequent upon change of name are advised to write to the Registered Office indicating the number of share certificates held.
12. As per Securities and Exchange Board of India (SEBI) communication to the Company dated 25<sup>th</sup> April, 2000, the Equity Shares of the Company are compulsorily traded in Dematerialised form only, with effect from 21<sup>st</sup> March, 2000 at the Stock Exchanges at Mumbai, Kolkata, Kochi and Chennai by all investors including individuals.

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

13. Members may note that the Company's website is [www.binani.com](http://www.binani.com)
14. **In spite of repeated requests, some shareholders (mostly upto Folio no. 34409) are still holding certificates of Rs. 100/- each. They are requested to surrender them immediately for exchange into shares of Rs. 10/- each to the Registered Office of the Company.**

15. The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued as a measure of economy. Members are therefor requested to bring their copy of the Annual Report and Attendance Slip duly completed to the Meeting.
16. Members are requested to send all correspondence relating to shares including requests for transfers, change of address, change of status, change of mandate, fresh mandate etc to our Share Registrars and Transfer Agents:-

**M/s MCS Ltd.**

Unit: Binani Industries Limited, Sri Venkatesh Bhavan, Plot no.27, Road no 11,M.I.D.C Area,  
Andheri (East), Mumbai - 400 093, Tel. No.2821 5235 - Fax: 28350456, E-mail: [mcsmmum@bom2.vsnl.net.in](mailto:mcsmmum@bom2.vsnl.net.in)

Shareholders who hold the shares in the dematerialised form, change of address if any, should be notified to the concerned Depository Participant (DP) Only.

**Details as required under Listing Agreement****Item No.2 ( Mr. A.C.Chakrabortti)**

Mr. A. C. Chakrabortti, (73 years) is a Chartered Accountant and Member of the Institute of Chartered Accountants, England & Wales and Institute of Chartered Accountants of India . He was a Partner of M/s S. R. Batliboi & Co. and he has long association with Industrial houses of repute. He has also been associated with the Company from 1970's as Auditor. Mr.A.C. Chakrabortti was inducted into the Board in the year 1997. In addition to Binani Industries Limited he is the Chairman of M/s. La Opala Glass Ltd., Peerless Hospitex Hospital & Research Centre Ltd., Vice Chairman of Grindwell Norton Ltd., and Director of Calcutta Metropolitan Group Ltd. Calcutta, Rasoi Industries Ltd., Jagsonpal Pharmaceuticals Ltd., Tamilnadu Petroproducts Ltd., Ashok Leyland Finance Ltd., Texmaco Ltd, GIS Ltd., Peerless General Finance & Investment Company Ltd., Chandras Chemical Enterprise Limited, Denso India Limited, Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited and Trustee of First India Asset Management Ltd. He is Chairman of the Audit Committee of Ashok Leyland Finance Limited, Tamilnadu Petroproducts Limited, Grindwell Norton Limited, Peerless General Finance & Investment Company Ltd. and Denso India Limited and Member of Audit Committee of Texmaco Limited, La Opala Glass Co.Ltd., GIS Limited, Binani Industries Limited and Jagsonpal Pharmaceuticals Limited.

**Item No.3 ( Mr.Sushil Bhatler)**

Mr. Sushil Bhatler (46 years) is B.E.Chem.(Hons) from Birla Institute of Technology, Pilani, was appointed as Additional Director/Wholetime Director designated as President ( Projects) at the Meeting of the Board of Directors of the Company held on 19<sup>th</sup> January 2001 and his appointment was approved at the Meeting of the Shareholders held on 24<sup>th</sup> September 2001. Prior to his appointment as Wholetime Director in Binani Industries Limited, Mr. Sushil Bhatler has been working in the Company since 1980 in various capacities. His area of specialisation is Project Management. The major assignment handled by him has been the successful implementation of the expansion of capacity of Zinc Smelter initially from 14000 TPA to 20000 TPA and thereafter from 20000 TPA to 30000 TPA along with modernisation of the Zinc Smelter incorporating the latest state of the art of technology for the manufacture of Zinc Metal.

Mr. Sushil Bhatler has also handled the project for the manufacture of 6600 TPA Glass Fibre at Colvale, Bardez , Goa which was commissioned in March 1996 and the Cement Slag Grinding facility at Dubai. He has also been responsible for the furnace rebuild and expansion of capacity of Glass Fibre Plant to 10000 TPA. Mr. Sushil Bhatler is presently heading the project division of the Company and that of the subsidiaries and is also heading the Zinc Division from 1.1.2003.

In addition to Binani Industries Limited, Mr. Sushil Bhatler serves on the Board of Directors of Binani Infrastructural Services Pvt. Limited and R.B.G. Minerals Industries Limited.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.5**

The Company's shares are listed at Calcutta, Mumbai, Cochin, Madras Stock Exchanges and also was traded at the National Stock Exchange till September, 2002. The Calcutta Stock Exchange is the Regional Stock Exchange. Since the Company's shares have been sparsely traded in the Madras and Cochin Stock Exchanges and in view of the fact that the Company's Shares continue to be listed and traded at the Mumbai Stock Exchange, the shareholders from all over the Country have greater access to trade in their shares. SEBI (Delisting of Securities) Guidelines 2003 permit the Company to delist its shares from other Stock Exchanges without giving an exit option if they are listed and traded at Mumbai Stock Exchange or National Stock Exchange of India Limited subject to prior approval of Shareholders by a Special Resolution. Accordingly the Special Resolution as appearing in item No.5 of the Notice is proposed without an exit option to the shareholders of the concerned regions.

The Directors may be deemed to be concerned or interested to the extent of their shareholding or that of the Institutions they represent.

By Order of the Board  
For Binani Industries Limited

Place : Mumbai  
Date : 26<sup>th</sup> September,2003

**T. R. Chandramohanam Nair**  
Executive Vice President  
(Corporate Affairs) & Secretary

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**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting the Thirty Ninth Annual Report together with the Audited Statement of the Accounts for the year ended 31<sup>st</sup> March, 2002.

**1. FINANCIAL RESULTS**

(Rs.Lakhs)

	For the year ended 31.03.2002	For the year ended 31.03.2001
Gross Sales and Other Income	24027.92	29721.04
Profit /(Loss) before Taxation & Depreciation	(1666.24)	2980.43
Provision for Depreciation	605.95	859.55
Profit /(Loss) before Taxation	(2272.19)	2120.88
Provision for Taxation including Deferred Tax.	872.30	(147.00)
Profit /(Loss) for the year	(1399.89)	1973.88
<b>APPROPRIATIONS / ADJUSTMENTS</b>		
Balance of Profit brought forward	2494.07	2023.74
Interest & Financial Charges recoverable from subsidiary written off	(1069.25*)	Nil
Transfer from General Reserves	1069.25 *	Nil
Transfer from Investment Allowance Reserve	24.67	98.76
Dividend & Dividend Tax Written back	652.31 **	Nil
Transfer from Debenture Redemption Reserve	525.00	Nil
Dividend	Nil	(591.93)
Dividend Tax	Nil	(60.38)
Debenture Redemption Reserve	Nil	(700.00)
General Reserve.	Nil	(250.00)
Balance carried to Balance Sheet	2296.16	2494.07

\* Consequent to Scheme of Arrangement of Goa Glass Fibre Ltd..

\*\* Due to non-receipt of approval from Financial Institutions.

**2. REVIEW OF OPERATIONS DURING 2001-2002****Zinc**

Production of zinc ingots during the year was 28814 MT as against 29923 MT during 2000- 01. In spite of the non-availability of good quality concentrate and increase in power tariff during the year, a capacity utilisation of 96% was achieved.

Sulphuric Acid and Cadmium metal production during the year was 43197 MT and 55.77 MT as against 41751 MT and 48.84 MT respectively during the year 2000- 01.

Binani Zinc (Zinc Division) is the first in the Country to be certified under all the four management systems viz. ISO 14001:1996, ISO 9001:2000, S.A 8000:1997 and OHSAS 18001:1999.

**Binani Cement Limited (BCL)**

Consequent upon the debottlenecking exercises, the installed capacity has increased to 2.00 mio. TPA from 1.65 mio. TPA during the year. The Company produced 19.21 lakhs MT of Cement compared to 18.22 lakhs MT during the previous year showing an increase of 5.46%. The Company sold 19.24 lakh MT of Cement as compared to 18.27 Lakhs MT during the previous year, indicating an increase of 5.31%. The Company has generated a cash profit of Rs.4561 lakhs compared to the cash profit of Rs.2813 lakhs during the previous year. In spite of improvement in operational efficiencies, cost reductions and average sales realization, overall profitability could not be enhanced significantly due to the increase in input costs and high financial and interest charges.

The Company's "ISO-9002" status stands upgraded to "ISO-9001:2000". The Company has also received " the Certificate of Merit for Energy Conservation in Cement Industries" for the year 2000-01 from the Ministry of Power, Government of India as well as awards from the "Department of Mines & Geology", Government of India during "Mines Safety Week" and "Mines Environment Week" for good performance in the various Mining Safety and Environment related activities including First prize for overall performance for safety measures for the year 2001.

**Goa Glass Fibre Limited (GGFL)**

During the year the Company at a capacity utilisation of 122%, produced 8023 MT of Glass Fibre, registering an increase of about 5% over the preceding year. The total sales during the year was 6937 MT with a turnover of Rs.5123.63 lakh, indicating a reduction of 7% in quantitative terms while the average realisation showed an increase of 5% over the previous year.

The increased realisations and higher capacity utilization have led to a significant improvement in the operational results. Significant reduction in chemical costs, optimization of consumption and reductions in procurement and packing costs, improvement in efficiencies and waste reduction have helped to bring down the cost of production by about 8%.

Special Export Award was conferred by CAPEXIL on Goa Glass Fibre Limited in recognition of the quantum of exports. BIL also achieved Export House Status as a Merchant Exporter of Glass Fibre.

#### **BT Composites Limited (BTCL)**

With production at a lower level of 45 tons of LPMC as against 136 MT during previous year, the turnover was lower at Rs.43 lacs as against Rs. 130 lacs in the previous year, resulting in a loss of Rs. 405.81 lacs after providing depreciation of Rs.111.47 lacs compared to Rs. 179.83 lacs in the previous year, after providing depreciation of Rs. 55.09 lacs. The Company reported the fact of erosion of 50% of its peak net worth to the Board for Industrial and Financial Reconstruction (BIFR) as required by Sick Industrial Companies (Special Provisions) Act, 1985.

The Company's moulded products have been launched in the market and have received encouraging response. The Company has frozen the formulations and R & D work is being carried out to develop substitutes for imported raw materials as this would enable the Company to further reduce the cost of its finished products.

#### **Binani Lead Limited (Formerly Goodwill Equity & Finance Limited)**

During the year under review, the Company has earned an income of Rs. 0.94 lacs mainly from its previous years' Investments, leading to a profit of Rs.0.70 lacs.

Acquisition of 90% of land as proposed has been completed and the formalities are under way for the acquisition of the balance 10% land in terms of the revised layout. The environmental clearance for the secondary lead project has also been received during the year.

This project is proposed to be set up in technical collaboration with M/s Engitec Technologies s.r.l., Italy.

In spite of Government guidelines for the collection and disposal of lead scrap including battery scrap, the availability of battery scrap in the local market in the organized sector continue to be inadequate with little prospects for any improvement.

The restriction in import of battery scrap still continues because of environmental consideration. In terms of the above position, the available options relating to the relocation of the project are being evaluated.

#### **Schemes of Arrangement**

The Company, and the subsidiaries Binani Cement Limited(BCL) and Goa Glass Fibre Limited (GGFL) have filed Schemes of Arrangement with the Hon'ble High Court, at Kolkata.

The Scheme of Arrangement filed by GGFL envisages Financial and Capital Restructure with effective date of 1.4.2001. The Scheme also provides for the write off of the accumulated losses and miscellaneous expenditure of Rs.59,82,26,107 against the paid up share capital of the Company as well as the conversion of the liability of GGFL to the Company towards balance in the current account/ unsecured loans to be converted into 4% Non Cumulative Redeemable Preference Shares of Rs.100/- each for an amount not exceeding Rs.50 Crores as at 31.03.2002. The Scheme also provides for reorganization of the authorized share capital of GGFL and for the write back of liability towards interest. Consequent upon the receipt of the necessary approvals, the scheme has been given effect in the accounts in the financial year 2001-02.

The Scheme of Arrangement filed by BCL provides for the Financial and Capital Restructure of BCL with effect from the revised date of 1.10.2002. The Scheme also provides for reduction of share capital from Rs.42291.04 Lacs (including equity shares to be issued to the Shareholders of Munga Holdings Limited) to Rs.21707.01 lakhs by cancellation of Rs.670 lakhs Equity Shares of Rs.10/- each held by the Company and the further reduction of a sum of Rs.3.90 per share on the remaining shares of Rs.10/- against write off of the accumulated losses and miscellaneous expenditure (net of capital reserve) of Rs.13884.02 lakhs as stood as on 1.4.2001. Consequent upon the receipt of necessary approvals the Scheme has been given effect in the accounts of BCL in the financial year 2002-03 and the necessary formalities are under way. In the meanwhile Industrial Development Bank of India (IDBI) has sanctioned a debt restructuring package of Reliefs and Concessions to BCL and the relevant documents are being processed.

The Company's Scheme of Arrangement in the Hon'ble High Court at Kolkata seeking inter-alia the hive off of the Zinc Division is pending approval. The Company's proposal for restructuring its debts is also being considered under Corporate Debt Restructuring Mechanism (CDR) of IDBI and other lenders.

### **3. FUTURE PROSPECTS**

#### **Zinc**

Demand for zinc metal during the financial year under review had declined by around 0.7% and it is expected to revive only by last quarter of 2002. Huge capacity additions in China have created a metal surplus resulting in the building up of stock in LME and weak prices. Metal output cut back has been announced by some smelters in U.S.A, Europe and China. Demand and off-take in the galvanising sector has improved and growth in demand is expected at around 4% for the year 2002-2003.

The Chinese factor coupled with closure of major mines has pushed the concentrate market to the lowest Treatment Charge (TC) levels in several years. Bench mark TC have been fixed at levels which are US \$ 20 less than previous year. Spot TC for Asia are hovering at US \$ 25 to 30 below the bench mark.



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Zinc metal market continues to be depressed and prices in real terms have touched historical lows. Concentrate market as well as bench mark TC have shown a hardening position. The possibility of import duty on Zinc Metal getting reduced to levels prevailing in South-East Asian Nations coupled with prospects of further hike in power tariff in the coming years has led us to evaluate alternate proposal for capacity upgradation to 65,000 MT per annum with investments in captive power facility to support such upgradation programme.

The Company has taken adequate precautionary steps to offset the risks associated with foreign exchange fluctuations by taking forward cover when needed. Steps have been initiated to set up a suitable machinery for hedging commodity risk relating to Zinc.

**Cement**

The Cement Industry is expected to benefit from infrastructural projects like Pradhan Mantri Gram Sadak Yojana, Golden Quadrilateral Road Project, Golden Jubilee Housing Scheme etc. The trends indicate that there will be adequate growth rate for Cement Industry. To consolidate its position in the cement business, BCL is also exploring possibility of setting up a brownfield 1.2 Million ton per annum clinkerisation capacity plant along with a Thermal Power Plant of 16 MW capacity.

The Company has started production of Portland Pozzolana Cement (PPC) in April, 2002 which is expected to increase profitability.

**Goa Glass Fibre Limited**

Since the life of the furnace is expected to last only till the end of third quarter of the next financial year, steps are being taken by GGFL for its re-build with electric boost leading to an increase in plant capacity by 30%.

In order to widen product range and customer base the Company has started manufacturing and seed marketing Chopped Strand.

**BT Composites Limited**

Efforts during the coming years will be for enhancement and consolidation in the export market specially in product categories like electrical meter and junction boxes, panel tanks etc, distribution and marketing network for building a market brand for its products participation in exhibitions for the display of products and direct interaction with the industry.

**Exports**

Exports of the BT Composites products are also being explored.

In general terms, the Company has undertaken extensive diversified plans to bring about improvements in various directions. From this point of view, the future appears to be encouraging.

**4. INDUSTRIAL RELATIONS**

Industrial Relations continued to be cordial throughout the year. All the productivity norms envisaged in the long term settlement dated 30<sup>th</sup> October, 2000 have been achieved.

**5. DIVIDEND**

In view of the losses, the Directors do not recommend any dividend.

**6. BOARD OF DIRECTORS**

The present term of Mr. Braj Binani expired on 31<sup>st</sup> December, 2001 and he was reappointed as Managing Director for a period of 5 years from 1<sup>st</sup> January, 2002. Dr. V. G. Shah and Mr. S. Padmakumar retired by rotation and were reappointed.

Mr. D. K. Guha Roy was nominated as a Director of the Company by Industrial Investment Bank of India (IIBI) during the current financial year.

**7. AUDITORS' OBSERVATIONS**

Observations made in the Auditors' Report have been extensively dealt with in the Notes to the Accounts at appropriate places and are self explanatory.

**8. AUDITORS**

M/s. S.R. Batliboi & Co. Chartered Accountants, retiring Auditors being eligible were reappointed as Statutory Auditors at the Annual General Meeting held on 18<sup>th</sup> December, 2002.

In terms of the order of the Company Law Board, the accounting records relating to manufacture of Sulphuric Acid are to be audited for the year 2002-2003. Accordingly, an application has been submitted to the Central Government seeking their approval for the appointment of M/s. N. P. Gopalakrishnan & Company, Cost Accountants, Cochin as Cost Auditors.

**9. SUBSIDIARY COMPANIES**

The statement pursuant to Section 212 of the Companies Act 1956 relating to the subsidiaries etc. i.e. "Binani Cement Limited", "Goa Glass Fibre Limited", "Binani Lead Limited" (formerly Goodwill Equity and Finance Ltd.) and "BT Composites Limited" and their Audited Accounts are annexed to this report.

**10. CORPORATE GOVERNANCE**

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



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

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

#### 11. PARTICULARS UNDER SECTION 217

Statement of particulars under Section 217(1) (e) regarding conservation of energy, technology absorption, foreign exchange and outgo and particulars of employees under Section 217(2A) of the Companies Act, 1956 are annexed.

#### 12. DIRECTORS RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts, the 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 16 to the financial statements have been selected and consistently applied and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2002 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 and
- d) the annual accounts have been prepared on a going concern basis.

#### 13. STOCK EXCHANGES- COMPLIANCE OF LISTING AGREEMENTS

The Equity Shares of the Company are listed at Calcutta Stock Exchange which is the regional Stock Exchange and also at Mumbai, Cochin, Madras and were also traded at the National Stock Exchange. We confirm that the Company has paid listing fee for the year 2001-02 to Calcutta, Mumbai, Cochin and Madras Stock Exchanges pursuant to the provisions of the listing agreement. A proposal is already before you to delist the Company's shares from Madras Stock Exchange Ltd. and Cochin Stock Exchange Ltd. as per the revised SEBI Guidelines without offering an exit option to those Shareholders of the region concerned.

As required by the Listing Agreements with the Stock Exchanges and AS-21, Consolidated Balance Sheet of the Company as on 31.3.2002 and Profit & Loss Account for the year ended on that date and Auditors' Report thereon have been annexed forming part of the Annual Report.

#### 14. ACKNOWLEDGEMENT

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

By order of the Board  
For Binani Industries Limited

Place : Mumbai  
Date : 26<sup>th</sup> September, 2003

S. Padmakumar  
Director

Sushil Bhatia  
Wholetime Director

## ANNEXURE TO DIRECTORS' REPORT

### PARTICULARS UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

#### A. CONSERVATION OF ENERGY

##### a) *Energy Conservation measures taken:*

1. Installing Variable Speed Drives for two of the pumps in the Leaching Plant and eliminating an intermediate storage tank with agitator and control valve. This has resulted in an annual saving of 120,000 Kwh of electricity. Investment Rs.3 Lakhs.
2. The pipe lines in Compressor House were restructured to achieve better flexibility of operation of compressors and dryers resulting in optimum operation of compressors. Annual saving : 4 Lakh Kwh. Investment Rs.1 Lakh.
3. Flat belts were installed replacing 'V' belts in three agitator motor drives in the Leaching Plant. Annual saving " 35,000 Kwh. Investment Rs.50,000/-.

##### b) *Additional investment proposals, if any, being implemented for reduction of energy consumption.*

- 1) Variable speed drives are being installed for Cold Purification Pumps, Acidification Wash Pumps and Acid Wash Pumps.
- 2) Installation of variable speed drive for Roaster Plant Induced Draft Fan is being evaluated.
- 3) A comprehensive Energy Audit is planned during the year 2002 to identify feasible energy conservation projects.

##### c) *Impact of measures at (a) and (b) above for reduction of energy conservation and consequent impact on the cost of production of goods.*

Energy conservation measures have been implemented resulting in an annual saving of 5.5 Lakhs units. The capital investment was around Rs.4.5 Lakhs

#### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

##### a) *Efforts in brief, made towards technology absorption, adaptation and innovation.*

1. Production of Iron Oxide from waste jarosite residue.
2. Production of cobalt compound from waste cobalt cake.

##### b) *Benefits derived as a result of above efforts (e.g. product improvement, cost reductions, import substitutions).*

1. The process know-how for producing these products was developed. The process parameters were optimized. The waste jarosite residue and the cobalt cake can be converted into value added products like iron oxide and cobalt sulphate respectively.

#### C. TECHNOLOGY ABSORPTION - RESEARCH & DEVELOPMENT

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

1. Optimisation of process parameters for the extraction of iron oxide from jarosite residue.
2. Optimisation of process parameters for the extraction of cobalt as a compound from cobalt cake.
3. Removal of nickel from electrolyte.
4. Recovery of zinc from gypsum.
5. Fixation of Jarosite residue as Jarofix using lime and cement.
6. Development of Purity Index Meter.
7. Process improvement in the extraction of cadmium cake.

##### 2. *Benefits derived as a result of above R & D.*

1. A process know-how has been developed. A value added iron oxide product can be produced from the waste jarosite residue.
2. A value added cobalt compound can be produced from the waste cobalt cake.
3. The process steps and the particle size distribution of zinc dust for nickel purification were identified. This would improve the current efficiency.
4. The precipitation of basic zinc sulphate with gypsum was reduced by optimizing the pH. and thereby the zinc loss.
5. The jarosite residue can be made environment friendly for storage. Studies are still under progress.
6. The purity of electrolyte can be monitored to take corrective action. Development is still under progress.
7. This would reduce the cost of production of cadmium. Studies are under progress.