

ANNUAL REPORT
2003-2004

Binani
INDUSTRIES
LIMITED

BINANI INDUSTRIES LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Fortyfirst Annual General Meeting of the Company will be held at 11.30 a.m. at **Kala Mandir, 48, Shakespeare Sarani, Kolkata- 700 017** on Monday, the 12th July, 2004 or immediately after the conclusion of the adjourned 40th Annual General Meeting scheduled to be held 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 31st March, 2004.
2. To appoint a Director in place of Mr. Deo Hirawat who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. V.C. Shah who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

4. **To consider and if thought fit to pass, with or without modification(s) the following resolution as an Ordinary Resolution:**
 "RESOLVED that M/s. Kanu Doshi Associates, Chartered Accountants, 24, Morvi House, 30, Dr. Sundarlal Bahl Marg, Ballard Estate, Mumbai-400 038 be and are hereby appointed as Auditors of the Company in place of M/s S.R. Batliboi & Co., Chartered Accountants, 6th Floor, Express Towers, Nariman Point, Mumbai-400 021 and to hold office until the conclusion of the next Annual General Meeting of the Company including any adjournment thereof at such remuneration as may be determined by the Board."

By Order of the Board
For Binani Industries Limited

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

Place : Mumbai
Dated : 29th April, 2004

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Instruments appointing proxies should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 9th July, 2004 to 12th July, 2004 (both days inclusive).
4. 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 31st March, 1997, 31st March, 1998, 31st March, 1999 and 31st 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 27.08.2003 has been transferred to Investor Education & Protection Fund.

5. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No.4 of the notice along with a brief writeup about the Directors coming up for reappointment as required by the listing agreement is annexed hereto.

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6. 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.
7. 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.
8. 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.
9. 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.
10. As per Securities and Exchange Board of India (SEBI) communication to the Company dated 25th April, 2000, the Equity Shares of the Company are compulsorily traded in Dematerialised form only, with effect from 21st March, 2000 at the Stock Exchanges at Mumbai, Kolkata, Kochi (since delisted) and Chennai (since delisted) 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.

11. Members may note that the Company's websites are www.binaniindustries.com and www.binani.com
12. **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.**
13. The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued as a measure of economy. Members are therefore requested to bring their copy of the Annual Report and Attendance Slip duly completed to the Meeting.
14. 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: mcsmum@bom2.vsnl.net.in
15. Shareholders who hold the shares in the dematerialised form, change of address if any, should be notified to the concerned Depository Participant (DP) Only.
16. **Pursuant to the exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956, the Directors' Report, Auditors' Report, Balance Sheet, Profit and Loss Account of the Subsidiaries viz. Binani Cement Limited, Binani Zinc Limited, Goa Glass Fibre Limited, B T Composites Limited and Binani Lead Limited for the year ended 31st March, 2004 are not attached to this report. The same will be furnished to the shareholders free of cost on request. They have been kept for inspection at the Registered Office of the Company and have been posted at Company's Website www.binani.com and www.binaniindustries.com and also on SEBI website under EDIFAR. Consolidated Financial Statements for the year ended 31st March, 2004 forms part of the report annexed hereto.**

Details as required under Listing Agreement**Item No.2 (Mr.Deo Hirawat)**

Mr. Deo Hirawat, B.Com, F.C.A, aged 52 years was appointed as Additional Director/Wholtime Director designated as President (Corporate Finance) at the Meeting of the Board of Directors of the Company held on 19th January, 2001 and his appointment was approved at the Meeting of the shareholders held on 24th September 2001. Prior to his appointment as Wholtime Director in Binani Industries Limited, Mr. Deo Hirawat has been working in the Company as President (Corporate Finance) since 1st January, 2000. Prior to joining Binani Industries Limited, he was associated with the group company wherein he was Joint President. He has over 29 years experience in Finance, Accounts, Projects and Commercial departments of Industrial Houses in addition to Merchant Banking, Leasing, Mutual Fund and Securities Market. He is a Director in BT Composites Limited, Binani Infrastructural Services Limited, Keshav (India) Limited, Binani Cement Limited and Binani Zinc Limited. He is a Member of Audit Committee of BT Composites Limited and Binani Cement Limited and the Finance Committee of Binani Cement Limited.

Item No.3 (Dr. V.C. Shah)

Dr. V.C. Shah, (77 Years) is a Ph.D. in Economics from Columbia University having more than 52 years experience inclusive of varying tenures as Economic Advisor, Embassy of Brussels, General Manager with ICICI Limited etc. He has also written articles in the Indian Economic Journal, Indian Economic Review, Journal of Banco Italia, Rome and The Economic Times. He has been associated with the Company as Director since 1991.

In addition to Binani Industries Limited, Dr. V.C. Shah serves on the Boards of Directors of Coastal Roadways Limited, ORG Informatics Ltd., Shardul Securities Limited and Ambalal Sarabhai Enterprises Limited. In addition he also functions as the Chairman of the Audit Committee of Shardul Securities Limited and Chairman of the Investor Relations Committee of Binani Industries Limited. He is a member of the Remuneration Committee of Binani Industries Limited, Ambalal Sarabhai Enterprises Limited, ORG Informatics Limited and Shardul Securities Limited. He is also a member of the Audit Committee and Investors/Shareholders Grievance Committee of Ambalal Sarabhai Enterprises Limited. He is also a member of the Finance Committee of Binani Industries Limited.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.4

The Company has received a letter dated 29th April, 2004 from the existing Statutory Auditors of the Company, M/s. S.R.Batliloi & Co., Chartered Accountants, 6th Floor, Express Towers, Nariman Point, Mumbai-400 021 that they do not desire to continue as the Statutory Auditors of the Company after the ensuing Annual General Meeting. M/s. Kanu Doshi Associates, Chartered Accountants, 24 Morvi House, 30, Dr. Sundarlal Bahl Marg, Ballard Estate, Mumbai-400 038 have informed their willingness to act as the Auditors of the Company and have already given their consent and certificate under Section 224 (1) of the Companies Act, 1956. It is therefore proposed to appoint them as Statutory Auditors in place of M/s. S.R.Batliloi & Co.

The Directors recommend this resolution for your approval. None of the Directors is in any way concerned or interested in the resolution.

A copy of the Letter of M/s. S.R.Batliloi & Co. and consent from M/s. Kanu Doshi Associates to act as Auditors of the Company are available for inspection by the members of the Company at the Registered Office of the Company.

By Order of the Board
For Binani Industries Limited

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

Place : Mumbai
Dated : 29th April, 2004

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**DIRECTORS' REPORT & MANAGEMENT DISCUSSION
& ANALYSIS REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting the Forty First Annual Report together with the Audited Statement of the Accounts for the year ended 31st March, 2004.

1. FINANCIAL RESULTS

(Rs.Lacs)

	For the year ended 31.03.2004	For the year ended 31.03.2003
Gross Sales & Other Income	2,554.97	3,615.38
EBIDTA	115.01	68.23
Interest & Financial Charges	4,169.81	4,696.22
Loss before Taxation & Depreciation	(4,054.80)	(4,627.99)
Provision for Depreciation	(50.80)	(51.59)
Loss before Taxation	(4,105.60)	(4,679.58)
Provision for Taxation including deferred tax.	—	640.74
Loss for the year	(4,105.60)	(4,038.84)
APPROPRIATIONS/ADJUSTMENTS		
Balance of Profit /(Loss) brought forward	(1,087.96)	2,296.16
Transfer from General Reserves	—	654.72
Loss carried to Balance Sheet	(5,193.56)	(1,087.96)

2. INDIAN ECONOMY

In the last quarter of fiscal 2003-04 the economy recorded the highest quarterly growth since 1990, which was attributable to the extraordinary performance registered by the Agricultural Sector. The overall Industry Sector which include Mining, Electricity and Manufacturing also showed marginal improvement. The continuous inflows has resulted in the foreign exchange reserves crossing US\$110 billion in the last week of March 2004.

3. OUTLOOK

The outlook for the main subsidiaries viz. Binani Cement Limited (BCL) engaged in the manufacture of Portland Cement and Pozzalona Portland Cement; Binani Zinc Limited (BZL) engaged in the manufacture of Zinc Metal and its by-products Sulphuric Acid and Cadmium; Goa Glass Fibre Limited (GGFL) engaged in the manufacture of Glass Fibre and Articles thereof and BT Composites Limited (BTCL) engaged in the manufacture of Fibre Reinforced Plastic (FRP) and moulded products is promising. Sector-wise analysis for each of these Subsidiaries are furnished below.

Binani Cement Limited (BCL)

BCL has surpassed all its previous records and achieved ever highest Cement production and sales. During the year the Company produced 2202377 MT of Cement as against 2112559 MT of the corresponding previous year. The Company sold 2190658 MT of Cement as against 2112728 MT of the corresponding previous year.

The Cement production has increased by 4.25% and Captive Power Generation has increased by 6.66% as compared to the previous year, resulting in saving in power cost. Sales quantity and value have increased by 3.69% and 4.85 % respectively. The prices had been ruling at very low levels till November 2003 and average net realization remained low of Rs. 1953 PMT during this period. However, Cement prices started improving from December, 2003 onwards and Company's average realization till March 31, 2004 increased to Rs.2056 PMT, which in turn, improved the Company's performance considerably during the last quarter of 2003-04.

Due to the various modifications and debottlenecking exercises undertaken during the past few years, the Plant's capacity with effect from December 2003 stands increased to 2.15 Mio.MTPA of Cement. Considering this, the average capacity utilisation during the year has been 107.43% as against 105.63% during the previous year.

BCL has a special distinction of being the only Cement Company in the country to have been accredited with ISO 9001:2000, ISO 14001:1996 & OHSAS 18001:1999 within five years from the commencement of its operations.

Binani Zinc Limited (BZL)

During the year under review the Company was able to achieve a higher capacity utilisation of 97.4% despite a tight concentrate market situation.

The Company produced 29218 MT of Zinc Metal as compared to 28459 MT of the previous year. The Company sold 28759 MT of Zinc Metal during the year as compared to 28994 MT of Zinc of the previous year.

The availability of High Grade Concentrates was seriously affected by closure of several mines in the 2001-03 period. This led to increase in the cost of Imported concentrates on the one hand and some decline in quality concentrates resulting in lower yield of Zinc Ingots per tonne of concentrates.

The Zinc price levels have almost completely retraced its downward spiral with LME prices touching US \$ 1100 in February 2004. The Average LME prices have been higher by approx. 15.6% as compared to the preceding fiscal.

Goa Glass Fibre Limited (GGFL)

The Furnace rebuild undertaken by the Company was completed during the year under review. In view of the furnace rebuild and plant shut down for 3 months, the production was low compared to last year.

The plant operations commenced after furnace rebuild in August, 2003 when the capacity was enhanced to 8500 MT. The Plant operations stabilized during the month of October, 2003 and the quality of production improved significantly towards the end of the year.

The Company produced 5445 MT of Glass Fibre as against 7535 MT of the previous year. The Company sold 6470 MT of Glass Fibre compared to 7192 MT of Glass Fibre in the previous year.

Binani Lead Limited (BLL)

Continued restrictions by Government of India on the import of battery scrap coupled with duty reduction on lead metal warrants a review of the project feasibility.

BT Composites Limited (BTCL)

The Company produced 171 MT of LPMC and Moulded products as against 225 MT of the previous year and sold 158 MT of Moulded Products/ LPMC as against 207 MT of the previous year. Due to continued poor capacity utilisation and losses thereof, the Company's net worth has been eroded and it has become a Sick Industrial Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. The Directors of the Company have, therefore, decided to make a formal reference to the Board for Industrial & Financial Reconstruction (BIFR).

Industry outlook/ Opportunities/ Threats/ Risks/ Concerns

Binani Cement Limited

The Cement industry's medium term prospects appear to be good in view of the current favourable fiscal policies of the Government which particularly makes housing construction affordable and attractive for the public at large. The Government's thrust towards infrastructure development through the various on going projects and the current low interest rate regime for housing finance would continue to give the required impetus to the Cement industry.

Govt. taxes and duties account form a substantial part of the costs and the rates are already on a high side. Any further hike in duties, particularly the excise duty would have an adverse impact on the industry.

Regarding other costs, the industry is mainly witnessing high volatility in costs of fuel and transportation. The international prices of coal have sharply increased in the last few months, necessitating the industry to look for alternate fuels to remain competitive in the market.

Similarly, the recent truck load restrictions imposed on the transporters will significantly escalate the freight costs (both inward and outward) and also adversely impact the despatch logistics in future. In fact, any improvement in price realization is being considerably neutralised by the increase in freight cost due to load restrictions.

The Company is also exposed to risks from fluctuations in foreign exchange rates although the year under review has been good on this account due to drop of more than 7% in the value of US \$ vis a vis Indian Rupee. The Company's major imports being coal are paid through US\$ and since it is not expected to appreciate much in the near future, as of now, it is not a matter of major concern. Yet, the Company is concerned on the rising trend of Euro and some other currencies which are required for payments of various other imports.

BCL is in the process of setting up a Ready Mix Concrete Plant at Gurgaon (Haryana) with an installed capacity of 99000 Cubic meter p.a. The total investment on the plant would be Rs. 609 lakhs and would be fully financed through internal accruals only. The production is likely to commence during 3rd quarter of 2004. This new value added product would strengthen the Company's profitability in future.

Binani Zinc Limited

Demand for Zinc Metal has been steadily increasing at 6.5% CAGR during the period 1997-2003. The demand for metal is expected to increase by over 1 Lakh MT over the next 5 years. On account of high growth rate of GDP and large investments in infrastructure, the market for Zinc is estimated at 3,27,000 MT per annum.

In terms of the major external factors, following are critical to the Company's performance:

External Factors

- The favourable impact of increase in Zinc prices has been considerably offset by rise in world prices of concentrates which Companies like Binani Zinc having custom smelter for producing primary metal have to import
- Economic recovery of the industrialized countries and very high growth rate of Chinese economy in 2003 had a considerable favourable impact on world Zinc prices while Western Countries and Japan are likely to continue their economic recovery in 2004, the Chinese economic growth is expected to slow down because China cannot sustain a high growth rate of about 10%. There is a degree of uncertainty about continuation of present high level of Zinc prices.

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Internal fiscal and tariff policy changes in India consequent to WTO, introduction of VAT etc.

- In addition to the basic duty of customs, Special Additional Duty(SAD) that was introduced in 1998, to neutralize the domestic sales taxes and other levies like octroi was also phased-out with effect from 9th January, 2004.

Delay in Implementation of 2nd generation reforms:

- The pace of reforms in India has slowed down after the initial liberalization policies. This is true particularly in sectors like power, ports etc. where the 2nd generation reforms are yet to take place.

However with the introduction of new legislation including the Electricity Act 2003, major thrusts are expected in these areas as well.

Goa Glass Fibre Limited

Efforts are on for strengthening the distributor network throughout the Country and in this direction GGFL had appointed 2 Distributors in Rajasthan. GGFL had participated in JEC Composite Show, 2003 held in Paris in April 2003 which has brought about significant results in terms of exploring the untapped markets. The significant effects are that the Company could make a breakthrough in terms of stepping into the US and French Markets for the first time. Negotiations with few prospective customers are in progress and are expected to materialise shortly which in turn, would give a boost to exports with additional turnover of over 200MT per month.

The steps initiated by GGFL for enlarging the market i.e both in domestic as well as in export market would not only lead to an increase in market share of Company's products but also would create an avenue for liquidating the additional production expected to be achieved once the plant become operational at its enhanced capacity.

Installation and commissioning of equipments like D.G.Set and higher capacity bushing, the plant would produce 10300 MT of Finished Goods and these balancing equipments would be in place by June 2004.

BT Composites Limited

The main problem relating to BTCL is the low capacity utilization coupled with the high cost of product development . The high cost of product development can be absorbed if the product developed finally gets marketed. As a part of an aggressive marketing strategy it has been decided to keep a Marketing Director to be based in the Middle-East. The Company is also quite hopeful that its endeavour to get ISI Certification will bear fruit during the current year. This is expected to boost the marketability of the Company's products in the future.

Internal Control Systems

The Company and its Subsidiaries have adequate internal control procedures. For all the operating subsidiaries, an effective Budgetary Control System is there to ensure that all the Capital and Revenue expenditure are incurred well within approved budgets. All the operating Subsidiaries have a well defined Management Information System (MIS) which helps in various management decisions and improving control mechanism. Management review meetings are held at regular intervals.

Social Responsibility

The Ghanshyam Binani Health Center and the Ghanshyam Binani Community Hall (GBHC) at Binani Zinc, Binanipuram are facilities that have been set up for providing services in these areas to the community at large. Medical camps, health monitoring on periodic basis and awareness seminars by expert medical practitioners are organized under the auspices of GBHC.

Education and healthcare remain at the centre-stage of various community development activities undertaken at Binani Cement Limited, Binanigram.

BCL has been organizing eye camps every year at Binanigram. Besides, various direct and indirect assistance was provided to the people of the nearby areas, which included constructions, donations and organizing of an animal husbandry camp. The Binani Ladies Club also contributes towards community development and charities through distribution of free furniture, school dresses, books, clothes etc. to the needy people.

Human Resources/Industrial Relations.

To remain competitive, regular sharpening of individual skills and enhancing their competency levels are necessary. Accordingly, the training needs of employees are assessed regularly and based on this assessment, they are deputed for external or in-house training programmes.

Environment Management

The operating subsidiaries of the Company are committed to follow its environmental management system which aims at reducing the environmental impacts originating from its operations. Towards this, BCL has installed equipments at various process stages to minimise generation of Air and Water pollutants and attempts to minimise wastage of raw material, fossil fuels and electricity. BCL has also installed a Sewerage Treatment Plant in its adjoining colony area and the reusable water emanating from this plant is being utilised for watering the plantations in the colony area. Besides, a substantial amount is being spent every year on the plantation and other environment conservation measures. Regular environmental protection awareness programmes are also being conducted for employees and since 1999, it has been accredited with ISO 14001 : 1996 which represents compliance to International Standards for Environment Management.

In GGFL also scrubber has been installed in the chimney to reduce air pollution during the year.

BZL 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 which includes Environment Management also.

4. DIVIDEND

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

5. BOARD OF DIRECTORS

In accordance with Article 100 of the Articles of Association of the Company, Dr. V.C.Shah and Mr. Deo Hirawat retire by rotation and being eligible offer themselves for reappointment.

6. AUDITORS' OBSERVATIONS

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

- 1) The holding and subsidiary(BCL) companies have given effect to the order of the Hon'ble High Court of Kolkata in regard to merger/ restructuring, as the case may be. However, on consolidation of the accounts of the Holding Company with the subsidiary(BCL), a difference of Rs.130 crore has been derived, the assets being higher than the liability. This difference has arisen due to the fact that certain adjustments made in the accounts of the subsidiary have not been considered by the Holding Company. The Directors are of the opinion that the subsidiary has tremendous potential which is evident from the improvement in the operations and therefore adjustment of the amount of Goodwill to Revenue Reserve/Share Premium Account would not be appropriate. It must also be mentioned that the loss sustained by the subsidiary was during the gestation period which is inherent in a situation of this nature. In these circumstances, the Directors feel that no adjustment is called for.
- 2) As regards overdue liquidated damages (BCL) which were converted into zero coupon loan and is payable in eight quarterly instalments from April 2009 to January 2011 for which provision has been demanded, the Directors are of the opinion that no such provision is desirable as the Company has made representation to the IDBI either for granting full relief or for waiver.
- 3) As regards investment in Munga Holding Limited, the Company has initiated steps to correct the deficiencies and complete the necessary formalities.

7. AUDITORS

M/s.S.R.Batilbhai & Co. Chartered Accountants, have intimated that they do not desire to continue as the Statutory Auditors of the Company after the ensuing Annual General Meeting. M/s.Kanu Doshi Associates have expressed their willingness to be appointed as the Statutory Auditors and accordingly it is proposed to appoint them as Statutory Auditors at the ensuing 41st Annual General Meeting. Necessary certificate has been obtained from M/s. Kanu Doshi Associates as per Section 224 (1) of the Companies Act, 1956 and the proposal has also been placed before you for approval.

8. SUBSIDIARY COMPANIES

The statement pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiaries etc. i.e. "Binani Cement Limited", "Binani Zinc Limited", "Goa Glass Fibre Limited", "BT Composites Limited" and "Binani Lead Limited" is annexed to this report. The Company has applied to the Central Government under Section 212(8) of the Companies Act, 1956 seeking exemption from attaching the Directors' Report, Balance Sheet, Profit and Loss Account and Schedules of the subsidiaries and the requisite exemption is awaited.

9. PARTICULARS UNDER SECTION 217

Statement of particulars of employees under Section 217(2A) of the Companies Act, 1956 is annexed to this report. Statement of particulars under Section 217(1) (e) regarding conservation of energy and technology absorption are not applicable to the Company. Details of foreign exchange earnings and outgo 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 Directors' Report.

11. 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, 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 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, 2004 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.

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12. STOCK EXCHANGES- COMPLIANCE OF LISTING AGREEMENTS.

The Company's Equity Shares are listed at the Stock Exchange, Mumbai and The Calcutta Stock Exchange Association Limited and Company has paid the listing fee for 2003-04 as well as 2004-05.

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.

13. 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

BRAJ BINANI
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai

Date : 29th April, 2004

Annexure 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.**

Sl. No.	Name	Age (Yrs)	Designation Nature of Duties	Remuneration Received (Rs.)	Qualification	Experience (Yrs)	Date of Commencement of employment	Previous Employment	
								Post Held	Name of Previous Employer
1.	Mr. Braj Binani	43	Chairman & Managing Director	35,49,286/-	B.Com (Hons.)	25	1.1.1997	Vice President	Binani Metals Limited

FOREIGN EXCHANGE EARNINGS AND OUTGO

RS. LAKHS

TOTAL FOREIGN EXCHANGE EARNINGS

2159.74

TOTAL FOREIGN EXCHANGE OUT GO

20.27