

BOARD OF DIRECTORS

Mr. Braj Binani	Chairman
Mr. S. Padmakumar	
Dr. V. C. Shah	
Mr. A. C. Chakrabortti	
Mr. Sushil Bhatner	Wholetime Director & Group C.E.O.
Mr. G. Venkatakrishnan	(upto 28/04/2006)

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. T.R.C. Nair

CHIEF FINANCIAL OFFICER

Mr. M.K. Chattopadhyaya

CORPORATE MANAGEMENT

Mr. Braj Binani	-	Co-ordinator
Mr. Sushil Bhatner	-	Group CEO
Mr. A.V. Singnapurkar	-	President (Works) (BCL)
Mr. D. Sundararajan	-	Executive Director (BCL)
Mr. T.R.C. Nair	-	Executive Vice President (Corporate & Legal)

SENIOR MANAGEMENT

Mr. M.K. Chattopadhyaya	-	Sr.VP (Corporate)
Mr. A.K. Jain	-	VP (Finance & Banking)
Mr. K. Roshan	-	VP
Mr. Murali Subramanian	-	VP
Mr. Amit Singha	-	VP (New Delhi)
Mr. R. Srinivasan	-	AVP
Mr. K. Sasikumar	-	AVP (Taxation.)
Mr. Atul Falgunia	-	AVP (Secretarial)
Mrs. Vishalakshi Sridhar	-	AVP (Finance)

AUDITORS

M/s. Kanu Doshi Associates, Mumbai

BANKERS

Punjab National Bank

LOCATIONS:**Registered Office of the Company & its Subsidiaries**

(Except R.B.G. Minerals Inds. Ltd.,

Ess Vee Alloys Pvt. Ltd. and

Opticon Consultants Pvt. Ltd.)

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

Email: binanical@vsnl.net

Phone: 03322882508

Fax: 03322882510

Corporate Offices of the Company & its Subsidiaries and Registered Offices of Ess Vee Alloys Pvt. Ltd. and Opticon Consultants Pvt. Ltd.

Mercantile Chambers, 12, J. N. Heredia Marg,

Ballard Estate, Mumbai 400 001.

Email: trc@binani.net

Phone: 02222640040/1/2/3/4

Fax: 02222640045

Mumbai Office of the Company & its Subsidiaries

Feltham House, 10, J. N. Heredia Marg,

Ballard Estate, Mumbai 400 001.

Phone: 02222634951/2/3

Fax: 02222634960

SUBSIDIARIES**Binani Zinc Limited**

Binanipuram, Ernakulam, Kerala 683502

Binani Cement LimitedBinanigram, Pindwara,
Dist. Sirohi, Rajasthan 307025**Goa Glass Fibre Limited**

Colvale, Bardez, Goa 403 513

Binani Lead Limited

Wada, Dist. Thane, Maharashtra.

BT Composites LimitedC5 to C9, Madkaim Industrial Estate,
Mardol Post, Madkaim,
Goa 403 404.**Ess Vee Alloys Private Limited.**Plot No.113, D.S.S. Industrial Estate,
Piparia, Silvassa 396 230
Dadra & Nagar Haveli (U.T)**R.B.G. Minerals Industries Limited (Regd. Office)**17A, Old Fatehpura,
Udaipur - 313 004 (Raj.)**Opticon Consultants Pvt. Ltd.**Mercantile Chambers, 12, J. N. Heredia Marg,
Ballard Estate, Mumbai 400 001.**CONTENTS**

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Forty Third Annual General Meeting of the Company will be held at 9.30 a.m. at **Kala Mandir, 48, Shakespeare Sarani, Kolkata- 700 017** on Wednesday, the 5th July, 2006 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, 2006
2. To declare dividend
3. To appoint a Director in place of Mr. Sushil Bhatte, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. V.C. Shah, who retires by rotation and being eligible, offers himself for reappointment
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. 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 198,269,309,310, Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 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 Wholtime Director of the Company designated as Group CEO for a period of 5 years from 25th April, 2006 to 24th April, 2011 on the terms and conditions including remuneration and perquisites as set out in the draft agreement to be 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 in the said agreement as the Board of Directors may consider necessary and as may be agreed to by Mr. Sushil Bhatte within the overall limits as specified in Schedule XIII to the Companies Act, 1956 for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulations framed thereunder."

"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 minimum remuneration for a maximum period of 3 years or as may be permitted by the Central Government."

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

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

Mumbai
25th April, 2006

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 Wednesday, the 28th June, 2006 to Wednesday, the 5th July, 2006(both days inclusive).
4. Dividend, if declared, will be paid to those members whose names appear on the Company's Register of members on 5th July, 2006 on the paid up capital of the Company as on 31st March, 2006. In respect of shares held in electronic form (Demat mode), the dividend will be payable to the beneficial owners of shares as on 28th June, 2006 as per details furnished by the depositories for the purpose.
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 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 31.03.1999 - 21.01.2007
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 years ended 31.3.1996, 31.3.1997 and 31.3.1998 the balances on 27.8.2003, 2.12.2004 and 25.1.2006 respectively have been transferred to Investor Education & Protection Fund.

6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 read with Dept. of Company Affairs Notification F.No.5/48/2001-CL-V published in Gazette of India Extra-ordinary Part-II, Section 3, Sub Section (i) dated 16-1-02 in respect of Item No.6 of the notice along with a brief write-up about the Directors coming up for reappointment as required by the listing agreement are annexed hereto.
7. The accounts, the reports and all other documents required under the law to be annexed thereto including that of subsidiaries 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. 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.
9. 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.
10. 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.
11. 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.

12. Members may note that the Company's website is www.binani.com
13. **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.**
14. 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.
15. 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, Harmony, Plot No.6, Sector-1, Khanda Colony, New Panvel (W)
Navi Mumbai - 410 206 Tel. No. 2749 2003/4/6 - Fax: 2749 2005 - E-mail: mcsmum@vsnl.com

16. Shareholders who hold the shares of the Company in the dematerialised form should notify change of address if any, to the concerned Depository Participant (DP) only.
17. Binani Zinc Limited(BZL) had forwarded Physical Share Certificates to all shareholders including those who were holding shares in Dematerialised mode in the Company as on record date viz.30.4.2004 as per the scheme of arrangement for hiving off the erstwhile Zinc Division to BZL. These Shares have been issued free of cost which means the shareholders of the Company in addition to their continued shareholding in the Company have also become shareholders of BZL. Those shareholders who have not received BZL's Share Certificates are requested to contact BZL or MCS Limited immediately. The Shares of BZL can be dematted either through National Securities Depository Limited and Central Depository Services Limited and ISIN Number of the Company is INE310H01010. However being unlisted the Shares of the Company cannot be traded in demat mode.
18. 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, BT Composites Limited, Binani Lead Limited, Ess Vee Alloys Pvt. Limited, R.B.G. Minerals Industries Limited and Opticon Consultants Pvt.Limited for the year ended 31st March, 2006 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 also on SEBI website under EDIFAR. Consolidated Financial Statements for the year ended 31st March, 2006 form part of the report annexed hereto. As directed by the Central Government abstract of the Financial Statements of the Subsidiaries are attached to this report.
19. Contact Telephone Numbers and E-mail Id of:
Compliance Officer – 022- 22634951-53 : trc@binani.net
Dy.General Manager (Secretarial) at Registered Office at 706, Om Tower, 32 Chowringhee Road, Kolkata 700 071 : 033-22882508 : binanical@vsnl.net

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 AND DETAILS AS REQUIRED UNDER LISTING AGREEMENT

(Mr. Sushil Bhatte(Item Nos. 3 and 6)

I. GENERAL INFORMATION A/C

Binani Industries Limited(BIL) had been engaged in the manufacture of primary Zinc Metal and its by-products Cadmium and Sulphuric Acid. In the year 1994 it was decided to diversify into manufacture of Glass Fibre and Ordinary Portland Cement. In the year 1996 facilities for manufacture of Glass Fibre and articles were set up in Colvale, Bardez, Goa. In the year 1997 the Company set up facilities for manufacture of Cement at Binanigram, Pindwara, Sirohi, Rajasthan. Facilities for manufacture of Glass Fibre and Cement were set up as division of BIL. However in the year 1998 Cement division was hived off to a Wholly Owned Subsidiary, Binani Cement Limited and in the year 1999, Glass Fibre Division was hived off to a Wholly Owned Subsidiary, Goa Glass Fibre Limited. The Zinc Division was hived off to Binani Zinc Limited with effect from 1.4.2002. Presently the Company is a holding Company with no significant manufacturing activity.

II. INFORMATION ABOUT THE APPOINTEE A/C

Mr. Sushil Bhatte is B.E.Chem.(Hons) from Birla Institute of Technology, Pilani, aged 49 years was appointed as Additional Director/Wholtime Director designated as President (Projects) 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. Sushil Bhatte 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 Bhatte 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. Mr. Sushil Bhatte is presently the Group CEO. In addition to the Company, he is a Director in the following Companies also :

Binani Cement Limited	Ess Vee Alloys Pvt.Ltd.
Goa Glass Fibre Limited	Opticon Consultants Pvt.Ltd.
Binani Zinc Limited	R.B.G. Minerals Industries Limited
Binani Lead Limited	Binani Infrastructural Services Pvt.Ltd.

He is also member of the following Committees:

Audit Committee:

Binani Cement Limited,	Binani Zinc Limited,
Goa Glass Fibre Limited,	Binani Lead Limited

Finance Committee:

Binani Cement Limited,	Binani Industries Limited,
Goa Glass Fibre Ltd.,	Binani Zinc Limited (Chairman)

Remuneration Committee :

Binani Cement Limited	Goa Glass Fibre Limited
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Investor Relations Committee:

Binani Cement Limited,	Binani Industries Limited,
Goa Glass Fibre Limited,	Binani Zinc Limited (Chairman)

Offer Committee:

Binani Industries Limited	Binani Cement Limited
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He resigned as Wholtime Director in Binani Industries Limited with effect from 15th January, 2005 and was appointed Wholtime Director in Binani Zinc Limited from 16th January, 2005. He resigned as Wholtime Director in Binani Zinc Limited from 24th April, 2006 and has been appointed as Wholtime Director in Binani Industries Limited with effect from 25th April, 2006 for a period of 5 years.

The remuneration proposed to be paid to Mr. Sushil Bhatte is given below:-

1. Basic Salary	Rs.2,00,000 (Rupees Two Lakhs only) per month. Basic Salary will be revised at the end of each year by an increment not exceeding 10% or such amount as may be determined by the Board /Chairman.
2. Perquisites	
Category – A	
1. Housing	: House Rent Allowance @ 20% of Basic Salary.
2. Medical Reimbursement	: One month's Salary per annum.
3. Leave Travel Concession	: One month's Salary per annum.
Category – B	
1. (A) Provident Fund	: Company's contribution towards Provident Fund subject to ceiling of 12% of the salary.
(B) Superannuation	: NIL
	Contribution to Provident Fund will not be included in the computation of the ceiling of perquisites to the extent it is not taxable under the Income Tax Act.
2. Gratuity	: Gratuity will be payable for each completed year of service at the rate of 15 days' salary including for past period of service with the Company / Subsidiary Company/ Associate Company(ies)
3. Insurance	: Personal Accident Insurance as per Company's guidelines not exceeding Rs. 4,000 per annum
4. Mediclaim	: As per rules applicable to EI grade of the Company.
5. Leave	: Leave with full salary as per Rules of the Company. Leave accumulated but not availed may be encashed as per the rules of the Company from time to time.
Category – C	
1. Car	: Two (2 Nos.) Company maintained cars without driver will be provided. All expenses of cars for private purposes will be reimbursed to the Company at actuals.
2. Telephone	: Reimbursement of expenses at actual. All personal calls will be paid by the Whole-time Director

Other Terms :

Income Tax, if any, on or in respect of the aforesaid remuneration and perquisites shall be borne and paid by Mr.Sushil Bhatte.

In the event of loss or inadequacy of profits in any Financial Year, the Company may pay to Mr. Sushil Bhatte by way of salary and perquisites the same remuneration as minimum remuneration subject to such approvals including that of Central Government for a maximum period of 3 years or such period as may be permitted by Central Government.

The remuneration payable, including perquisites and the monetary value thereof, is subject to revision from time to time within the overall limits specified in Schedule XIII to the Companies Act, 1956 for the time being in force or any statutory modification or re-enactment thereof and/or any rules or regulations framed thereunder.

3. Recognition or Awards. : NOT APPLICABLE

4. Job Profile and his suitability :

He has been associated with the erstwhile Zinc division of the Company since 1980 and his area of specialisation is Project Management. Mr. Sushil Bhatte is presently the Group CEO of the Company and its subsidiaries and is looking after the day-to-day affairs of the Company and the Subsidiaries at the Corporate Office.

5. Comparative Remuneration profile with respect to industry, Size of Company,

Profile of the position and person :

Mr. Sushil Bhatte was a Wholetime Director designated as Group CEO in Binani Zinc Limited till 24th April, 2006. He has vast experience in handling Projects and was associated with the erstwhile Zinc division of the Company since 1980. He is having more than 22 years experience of implementing various diversification and expansion projects. He has successfully handled implementation of the Expansion of Zinc Smelter and its modernisation, implemented the Glass Fibre Project at Goa and Cement Slag Grinding Facility at Dubai. Considering his experience and the responsibilities given of handling different projects the remuneration proposed to be paid is comparable with the prevailing Market rate. If the Company does not pay the Remuneration as proposed the Company may find difficult to find such an experienced technocrat. Under the circumstances the Company is seeking your approval for his appointment and payment of remuneration.

6. Pecuniary relationship directly or indirectly with the Company or relationship with the Managerial Personnel, if any ;

Mr. Sushil Bhatte is not in receipt of any Salary, Perquisites or Remuneration from any Company other than Binani Industries Limited and he does not have any interest in the Shareholding of other Companies. He holds 200 Equity Shares in the Company.

III. OTHER INFORMATION

a. Reasons for Inadequate Profits :

The Company is presently a holding company with no significant manufacturing activity. The Company has no stream of Income other than dividend income from the investment in the subsidiaries and capital gains arising out of divestment of its investment in subsidiaries. None of the subsidiaries have been in a position to declare dividend so far resulting in inadequate profits to the Company.

b. Steps taken for Improvement

During the year ended 31st March, 2006 Binani Cement Limited (BCL) the major subsidiary of the company has posted a net profit of Rs. 52 Crores. Binani Zinc Limited (BZL) is also performing reasonably well and barring unforeseen circumstances both BCL and BZL will post substantial profit in the current year. The Company is also proposing to divest further in BCL shares. The said exercise is likely to generate substantial profits during the current year. The Company is also under negotiation to off load part of its stake in BZL. The Company has also reduced its expenditure substantially.

c. Expected Increase in Productivity /Profitability

The Company expects to achieve profits consequent upon the steps taken for improvement. The Financials expected to be achieved in the future years is given below :

Rs. In Million

Year ended 31 st March	2006-07	2007-08	2008-09
Operating Profit before Interest & Deprn. (Including income from sale of investments in subsidiaries)	1798	430	1161
Interest & Financial Charges	97	49	21
Cash Profit	1701	380	1140
Depreciation/Amortisation	11	11	11
Profit before Tax	1690	370	1129
Income Tax	186	41	124
Net Profit after Tax	1504	329	1005

The details given above may be treated as an abstract of the proposed agreement pursuant to Section 302 of the Companies Act, 1956.

The Special Resolution as set out in item No. 6 of the Notice is proposed and the Directors recommend the passing of the same. None of the Directors except Mr. Sushil Bhatte may be deemed to be concerned or interested in the Resolution.

Dr. V.C. Shah (Item No.4) (As required under Listing Agreement)

Dr. V.C. Shah, (79 Years) is a Ph.D in Economics from Columbia University having more than 54 years experience inclusive of varying tenures as Economic Advisor, Embassy of Brussels, General Manager with ICICI 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, Shardul Securities Limited, Ambalal Sarabhai Enterprises Limited and Binani Cement Limited. He 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, Binani Cement Limited, Ambalal Sarabhai Enterprises Limited and Shardul Securities Limited. He is also a member of the Audit Committee and Investors/ Shareholders Grievance Committee of Ambalal Sarabhai Enterprises Limited and Binani Cement Limited. He is also a member of the Finance Committee of Binani Industries Limited and Binani Cement Limited and also a member of the Offer Committee of Binani Industries Limited.

The relevant documents under the above items are available for inspection by the members of the Company 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 upto the date of this meeting.

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

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

Mumbai
25th April, 2006

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

Your Directors have pleasure in presenting the Forty Third Annual Report together with the Audited Statement of the Accounts for the year ended 31st March, 2006.

1. FINANCIAL PERFORMANCE

	(Rs. Lakhs)	
	For the year ended 31.03.2006	For the year ended 31.03.2005
Sales and other Income	161	1276
(Loss) before , Depreciation,extra ordinary items and Taxation.	(1979)	(3507)
Provision for Depreciation	(106)	(116)
(Loss) before extraordinary items and Taxation	(2085)	(3623)
Advances to Subsidiary written off	(276)	(866)
Assets written off on impairment	(389)	-
Interest for earlier years written back on one time settlement of Loans	1107	-
Investment in subsidiary written off	(320)	-
Profit on sale of investment in Equity Shares in BCL	3510	-
Profit/(Loss) after extra ordinary items but before Taxation	1547	(4489)
Provision for Taxation including deferred tax and Fringe Benefit Tax	(62)	2
Profit/(Loss) after Tax	1485	(4487)
APPROPRIATIONS / ADJUSTMENTS		
Transfer to General Reserve	(75)	-
Proposed Dividend	(444)	-
Tax on Dividend	(62)	-
Transfer from Debenture Redemption Reserve	875	-
(Loss) brought forward from last year	(9681)	(5194)
(Loss) carried to balance sheet	(7902)	(9681)

During the year, as a measure of prudence, the Company has written off:

- Old / unsaleable stock of Glass Fibre Moulded products for Rs.86 lacs,
- Plant and Machinery of Rs.389 lacs on impairment,
- Investments in Equity Shares of Binani Lead Limited for Rs.320 lacs, and
- Loans to BT Composites Limited.

Since your Company is a holding Company having no significant manufacturing activity, we deal with each of the subsidiaries.

2. BINANI CEMENT LIMITED (BCL)

Industry Overview

The overall outlook for the industry is very positive on the back of robust demand from housing construction, Phase-II of NHDP and

other infrastructure development projects. For the first time in last 5 years, the industry has seen a double digit growth. Most of the projects for additional capacities which are in pipeline are expected to get operational only in FY 2007-08 and therefore supply for cement is likely to remain tight, which in turn would keep the cement prices high at least for a year.

Performance Review

Your Company's performance during the year 2005-06 has surpassed all the previous years due to higher production / sales and substantial increase in net sales realization over the previous year. We have produced 23.13 lacs MT & sold 23.43 lacs MT of cement as against 22.40 lacs MT produced & 22.38 lacs MT sold in the previous year. The product mix of OPC vs PPC has also undergone substantial change, with PPC's share increasing from 29% in 2004-05 to 37% in 2005-06. Due to sustained higher level of cement production, w.e.f. 31.12.2005 the cement plant's installed capacity has also been further uprated from 22.00 lacs MTPA to 22.50 lacs MTPA. On the enhanced capacity, the average capacity utilization has been 104.55%, which is much above the average capacity utilization of the entire industry (89%).

The average sales realisation for the company increased from Rs. 2362/ MT in 2004-05 to Rs.2493 / MT in 2005-06 ie. an increase of Rs. 131/ MT or 5.55% over previous year. This has significantly contributed to the bottom line during the year.

Financials	(Rs. Lakhs)		
	2005-06	2004-05	% Change
Sales (net of Excise Duty) and Other Income	49325	44009	12 ↑
Operating Costs	35810	33874	
EBIDTA	13515	10135	33 ↑
Interest & Financial charges	3417	5235	
Cash Profit	10098	4900	106 ↑
Depreciation and Amortisation	4291	4200	
Profit before Tax	5807	700	730 ↑
Profit after Tax	5296	645	721 ↑

Capital Structure

In September 2005, JP Morgan Special Situations Asia LLC, a wholly owned subsidiary of J P Morgan Chase & Co. USA, through its investment arm Silver Peak Investment (Mauritius) Limited, acquired 25% equity stake in the Company by purchasing its existing equity from the holding company, Binani Industries Ltd. (BIL). JP Morgan has also extended a Term Loan of Rs. 1.3 billion to the Company through its Indian arm, J P Morgan Securities India Private Limited towards part-financing the Company's expansion project.

Offer for Sale of Company's Shares

Binani Industries Limited will divest further 20500000 Equity Shares representing 10.09% of the share capital of BCL to the Public

through a 100% book building process to facilitate the listing of BCL Shares. The process is expected to be completed soon, subject to receipt of all approvals.

Future Plans

Presently the Company is in the process of expanding its clinker capacity by 2.3 mio tpa and cement capacity by 3.05 mio tpa and is also setting up another 40MW captive power plant (to be implemented in 2 phases of 20 MW each in 2006-07 & 2007-08), at its existing location in Sirohi. The company is expecting the new capacity to come online by end March' 2007. The cost of the project is estimated to be Rs. 575 Crores.

The Company is also in the process of having its own Railway Siding within the factory premises. The project has already commenced and is expected to be commissioned by October, 2006.

Strength/ Opportunity/ Threats/ Risks/ Concerns

Strength:

The Company has a well established brand image with a strong dealer net work. Entire sales are on Cash-n-Carry basis. State of Art technology makes it one of the most energy efficient and environmental friendly plants in the country. Work on doubling the capacity is in progress and after the commissioning of the second line, the market position shall be significantly strengthened.

Opportunities:

Cement market is on an upward trend due to boom in housing & infrastructure. Increasing PPC production coupled with volumes from line II gives the Company great opportunity to maintain its leadership status in the growing market.

Threats/ Risks/ Concerns

Industry consolidation and increase in capacity by nearby plants would increase competition and bring pricing pressures. Non availability of fly ash at economical rates may hamper growth of PPC market and put margins under pressure.

Social Responsibility and Community Development

The Company continues to provide necessary support to the economically backward people of the adjoining villages through various Community Development, Education and Health Care programmes. Free medicine distribution in the nearby villages, organizing Eye camps and various direct and indirect assistance to the Adivasis in the nearby area continues on a regular basis.

Human Resources and Industrial Relations

The Company's commitment towards the development of its employees continues to be of high priority as is reflected in the fact that on an average 3.77 mandays per person have been spent on training during the year.

Employees also get motivated and their team spirit gets strengthened through the various departmental Quality Circles and other awareness programmes being organized from time to time.

The Company continued to maintain healthy working environment and cordial industrial relations throughout the year.

3. GOA GLASS FIBRE LIMITED (GGFL)

Industry Overview

The composites market has grown world-wide in double digits. From an "emerging engineering material" till a few years ago, composites

have come a long way as the "material of choice" challenging and replacing metals and wood, in a variety of end user segments. Glass Fibre as reinforcement continues to dominate this sector, (vis-a-vis other competing fibres), with a share of 85-90%. With GDP growth at 8% and substantial investment in infrastructure, demand for glass fibre is expected to witness exponential growth in coming years in India. This will substantially boost glass fibre consumption.

The Company also enjoys a good brand equity and presence in the export market. The key accounts are spread across different countries and continents, thus minimising geographical risks.

Review of Operations

During the year under review, the Company produced 9924 MT as compared to 8856 MT during the previous year, an increase of 12%.

The Company's Sales for the year 2005-06 stood at 9745 MT with a Revenue of Rs. 71.27 Crores as against Sales of 7936 MT and Revenue of Rs. 59.61 Crores in 2004-05. In volume terms, sales increased by 22%.

The Company's flagship product line of Chopped Strand Mats grew by 13% over the previous year. The Company also developed new products to cater to other market segments.

Financials	(Rs. Lakhs)	
	2005 - 06	2004 - 05
Sales & Related Income (Gross)	7127	5961
EBIDTA	836	1227
Interest and Finance Charges	138	239
Cash Profit	698	988
Depreciation	641	850
Net Profit before Tax	57	138
Net Profit after Tax	46	127

Future prospects

The Company's focus areas will be to achieve full capacity utilisation, improved efficiencies and development of new product lines. The focus will be on maximising revenues through sale of products which yield maximum contribution and to achieve volume growth through new products and new markets world wide.

The Company has a strong presence in the CSM market in India and abroad. The focus will be to retain its key accounts while developing new markets and customers.

The other products in its fold also command wide acceptability. A diversified product portfolio will enable the Company to meet the challenges in the market place more effectively.

Strength/ Opportunity/ Threats/ Risks/ Concerns

The Company enjoys a good brand equity and presence in the export market. The key accounts are spread across different countries and continents, thus minimising geographical risks. The healthy GDP growth in Euro areas and US, as well as the investment boom in Middle East, will provide sufficient demand impetus for products.

A major threat factor is cheap imports from China. The Company is geared to face this challenge, through strategic initiatives in pricing, reduction in cost of production, wider basket of products and quality leadership.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Industrial relations continued to be harmonious with the active participation of the union in all the programmes initiated by the Management for the day to day enhancement of the plant.

As part of the on going exercise of employee performance enhancement, training programmes have been conducted for all categories of employees on technical, behavioral and safety aspects. This resulted in visible improvement of skill and enhancement of performance at shop floor operations.

4. BINANI ZINC LIMITED (BZL)**Industry Overview**

Demand for Zinc metal in India has been steadily increasing at well over 7-8 % CAGR in the last 5 years. The growth pattern is expected to shift to a higher trajectory of 10-12% in the coming years.

The additional demand will be able to take care of the enhanced capacity that has come on line, during 2005-06.

Prices on LME touched historic highs during the year. With zinc and copper leading the rally in the base metal complex, average prices (monthly) shot up by 134% from US\$ 1033 (cash settlement on LME), in April 2005, to US\$ 2417 in March 2006. Annual average for 2005-06, was US\$ 1613, as against US\$ 1109, for 2004-05.

The phased duty reductions for zinc metal has resulted in import duty of 7.5%, with effect from 1st March 2006. To some extent, the negative impact has been mitigated by reduction in duty on concentrate from 5% to 2%.

The VAT scheme has been adopted by some more states, with effect from 1st April 2006. This will speed up the process of unified tax regime in respect of Sales tax.

Review of Operations

The performance of the Company during 2005-06, was adversely affected due to the shutdown of the plant for 131 days on account of non availability of Zinc concentrate resulting in poor capacity utilization of 59% compared to 88% in 2004-05. However, sales turnover went down only marginally, with improvement in EBIDTA, mainly due to firming up of Zinc prices. The Company was also able to achieve improvements in productivity and operational efficiency with the commissioning of the Belt Filter.

Treatment charges (spot) registered an all time low making concentrates dearer.

Financials:	(Rs. Lakhs)	
	2005-06	2004-05
Net Sales & Other Income	18116	18595
Operating Costs	16851	17666
EBIDTA	1265	929
Interest & Financial Charges	493	225
Cash Profit	772	704
Depreciation & Amortization	644	604
Profit before Tax	128	100
Profit after Tax	59	53

Future Plans

The Company is proceeding with the setting up of 2 Hydel power plants, with an installed capacity of 10mw, for which necessary approvals have been given by the state Government. In view of the adverse market for coal and consequent impact on cost of generation, the Company has deferred its plans for setting up a thermal power plant.

The Company is also carrying out a series of debottlenecking exercises to maximize capacity utilisation.

The plans for setting up captive mines are proceeding as per schedule. During the year, allotment has been received for Basantgarh Mines from State of Rajasthan and the mining licence will be signed by RBG Minerals Industries Limited (RBG) after completing the necessary formalities. Rajasthan State Mines and Minerals Limited (RSMML), a co-investor in RBG alongwith the Company, has got approval for renewal of mining lease for Deri mines. RSMML has agreed to transfer the mining lease to RBG after executing the lease. The Company is coordinating with Gujarat Minerals Development Corporation (GMDC), another co-investor in RBG, for expediting renewal of Ambaji mining lease. These three mining leases form part of the Company's captive mining project. The Company is in discussion with a financial investor for funding the captive power and captive mines projects.

Opportunities/ Threats/ Risks/ Concerns

Strong fundamentals prevail in the zinc metal market. Overall metal supply at the global level is in deficit, due to concentrate shortage, smelter cutbacks and Chinese consumption, all which has resulted in LME stocks depleting by more than 50%. In addition fund activity is a significant factor in driving up prices. Zinc prices therefore are expected to strengthen, though the market is likely to remain volatile.

The demand projections for the coming years indicate a higher potential growth pattern for zinc consumption. The company's wide network, quality and brand equity, are favorable factors.

The major external factors that can have significant bearing on the company's performance are Raw Material Shortage, Import Tariffs, fluctuations in Zinc prices and enhanced metal supply in the market.

The Company has drawn up a comprehensive plan to mitigate the perceived threats. Contracts have been concluded for covering raw material requirement for 2006-07.

The Company has a risk management system, in place to manage the risk of price volatility.

Human Resources/Industrial Relations

The Company has witnessed cordial labour relations for the past several years and also during the current year. The ongoing knowledge and skill upgradation program has served to improve productivity and employee morale. The company won the state level award for Excellance in Safety Management 2005 instituted by the National Safety Council (Kerala Chapter) as recognition for its safety and occupational health initiatives.

Social Responsibility

The services of Ghanshyam Binani Community hall continues to be utilized by the local community. Medical camps and medical consultations are provided to the community through Ghanshyam Binani Health centre, free of cost.

5. BT COMPOSITES LIMITED (BTCL)**Review of Operations**

The year witnessed an increase in the capacity utilisation of the facilities in the light of encouraging response from the market. The major segment of production has been SMC hot compression moulded panels for sectional tanks for potable water storage. Several process improvements have been successfully implemented to upgrade the quality of the products. Considerable efforts have been invested in upgrading the raw material selection and testing procedures to ensure consistency and reliability of supplies.

Lab Scale formulations of DMC (Dough Moulding Compound) have been successfully tested at potential customers' end and the commercialization of the product is underway. The products for the electrical industry have also received a fillip with the Company bagging a prestigious order of M/s Larsen & Toubro for supplies of enclosures for their overseas client. The order is under execution.

Financials	(Rs. Lakhs)	
	2005-2006	2004-2005
Sales and Related Income (Gross)	91.59	95.66
Loss before Depreciation & Amortisation and Interest	(115.51)	(102.92)
Interest and Financial charges	2.09	0.32
Depreciation & Amortisation of Miscellaneous Expenses	102.09	101.61
Loss Before Extra Ordinary Items & Tax	(219.69)	(204.85)
Extra Ordinary Items		
Assets written off on impairment	(844.59)	-
Waiver of loan by the Holding Company	276.04	-
Loss after extraordinary items but before tax	(788.24)	(204.85)
Provision for Fringe Benefit Tax	(1.20)	-
Net Loss for the year	(789.44)	(204.85)
Loss brought forward	(1532.82)	(1327.97)
Loss carried to Balance Sheet	(2322.26)	(1532.82)

Future Prospects:

With encouraging response from the market and several successful installations of SMC sectional panel tanks for water storage covering hospitals, hotels and resorts, textile industries, railways and educational institutions, your Company looks forward to intensifying its marketing efforts in this segment.

Successful test marketing of light weight panels for the large shelters market has vindicated the Company's target to aggressively foray into this segment. The company foresees significant growth in this product line.

During the next year the Company also envisages growth in the sales of its moulding compounds (SMC & DMC) and enclosures and sheets for the electrical industry.

6. ESS VEE ALLOYS PRIVATE LIMITED

Financials:	(Rs. Lakhs)	
	2005 - 06	2004 - 05
Sales (Net)	214.72	52.64
Profit / (Loss) before Tax	3.24	(7.75)
Net Profit / (Loss) after Tax	3.01	(7.75)
Balance of Profit / (Loss) b/f	(2.97)	4.78
Balance Carried to Balance Sheet	0.04	(2.97)

Review of Operations

During the year the production and sales were as follows:

	(MTs)	
	2005 - 06	2004 - 05
Production		
Zinc Alloys & Dross	220	58
Aluminum Alloys & Dross	4	9
Sales		
Zinc Alloys & Dross	214	56
Aluminum Alloys & Dross	2	9

In line with the stated objective of the Company to establish itself in the Zinc based die-casting alloys business, the production and sales of Zinc die-casting alloys recorded a three-fold growth, evidencing greater acceptance in the market. Product prices continued to be under pressure, with aggressive competition and continuing increase in base metal prices characterized by severe volatility.

Future Prospects

The Company looks forward to consolidate its presence in the Zinc alloys market and achieve significantly higher capacity utilization. In this regard, the Company proposes to tie - up with large die-casters to cater to their requirements.

While high Zinc and Aluminum prices can impact negatively on the die-casting sector due to the threat of substitution, the Company does not foresee any noticeable shift in the immediate future.

7. BINANI LEAD LIMITED (BLL)

Consequent upon the abandonment of the project for manufacture of Secondary Lead at Wada, Dist Thane, Maharashtra, the land and industrial sheds at the proposed site have been given on lease basis to Binani Metals Limited for the development of the land for commercial use.

8. R.B.G.MINERALS INDUSTRIES LIMITED**Review of Operations.****Mines.**

During the year, allotment has been received for Basantgarh mines from state of Rajasthan and the mining licence will be signed by RBG Minerals Industries Limited (RBG) after completing the necessary formalities. Rajasthan State Mines and Minerals Limited (RSMML), a co-investor in RBG along with the Company, has got approval for renewal of mining lease for Deri mines. RSMML has agreed to transfer the mining lease to RBG after executing the lease. The Company is coordinating with Gujarat Minerals

Development Corporation (GMDC), another co-investor in RBG, for expediting renewal of Ambaji mining lease. These three mining leases form part of Company's mining project.

Beneficiation Plant

The Beneficiation Plant is proposed to be set up at Chapri Village 1 KM from the State Highway and is located between Deri and Ambaji Mines. Basic Engineering Design has been completed and tenders have been received for Beneficiation Plant. Land procurement has commenced.

9. OPTICON CONSULTANTS PRIVATE LIMITED.

Opticon Consultants Private Limited, a wholly owned subsidiary of Binani Zinc Limited was acquired to be used as a Special Purpose Vehicle (SPV) for setting up the proposed Captive Thermal Power Plant at Binani Zinc. As of now the thermal power plant project is being deferred.

10. DIVIDEND

In view of the overall performance, prospects and extra-ordinary income earned during the year, your Directors recommend a dividend @ 15%.

11. BOARD OF DIRECTORS

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

Mr. B.K. Batra was withdrawn as a Nominee Director of Industrial Development Bank of India Limited (IDBI) with effect from 26th July, 2005. Mr. Sushil Bhatte has been appointed as Wholtime Director designated as Group CEO with effect from 25th April, 2006 for a period of 5 years and the proposal has been placed before you for approval.

12. 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) as on 31st March '06, a difference of Rs.97 Crores 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.
2. During the financial year 2004-05, the Company has given effect to the modified debt restructuring package (RP) sanctioned by Industrial Development Bank of India Limited (IDBI) and has accounted for the interest charge on various loans/FITL at a lower rate as per the RP, resulting into a reduction of interest aggregating to Rs.1361.21 Lakhs (proportionate share of Binani group – Rs.1021 Lakhs). This reduction in interest has been converted to a Zero Coupon Loan (ZCL) by IDBI and a view

will be taken by IDBI for waiver of the same on annual review and compliance of terms of the RP to the satisfaction of IDBI. However, the Company (BCL) has not accounted for the ZCL as it is hopeful of getting the waiver as all the terms and conditions of the RP have since been fulfilled. In these circumstances, the Directors feel that no adjustment is called for.

3. With regard to non-provision of interest of Rs.261.69 Lakhs for the year 31st March 2006 by BTCL on loan from IDBI which has since been assigned/transferred to Stressed Asset Stabilisation Fund (SASF), the Directors are of the opinion that since the subsidiary is registered with BIFR as a sick company and SASF has been approached for one time settlement of its outstanding dues at Rs.450 Lakhs, provision for further interest would not be appropriate.
4. With regard to non-provision of disputed refund receivable from Goa Electricity Board amounting to Rs.68.89 Lakhs (GGFL), the Directors are of the opinion that the subsidiary has got a fair chance of success in the matter which is pending before the Hon'ble Supreme Court and hence no adjustment is called for.

13. AUDITORS

M/s. Kanu Doshi Associates, the retiring Auditors are eligible for reappointment and the proposal has been placed before you.

14. SUBSIDIARY COMPANIES

The statement pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiaries i.e. "Binani Cement Limited", "Goa Glass Fibre Limited", "Binani Zinc Limited", "BT Composites Limited", "Ess Vee Alloys Pvt. Limited", "Binani Lead Limited", "R.B.G. Minerals Industries Limited" and "Opticon Consultants Pvt. Limited" is annexed to this report.

15. PARTICULARS UNDER SECTION 217

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.

16. 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.

17. 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.