

**BOARD OF DIRECTORS**

<b>Mr. Braj Binani</b>	Chairman
<b>Mr. S. Padmakumar</b>	
<b>Dr. V.C. Shah</b>	
<b>Mr. A.C. Chakraborti</b>	
<b>Mr. N.C. Singhal</b>	
<b>Mr. Sunil Sethy</b>	Managing Director (w.e.f. 10/11/2008)
<b>Ms. Nidhi Binani</b>	(w.e.f. 23/04/2009)

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Mr. T.R.C. Nair

**CHIEF FINANCIAL OFFICER**

Mr. M.K. Chattopadhyaya

**CORPORATE MANAGEMENT**

Mr. Braj Binani	– Chairman
Mr. Sunil Sethy	– Managing Director
Mr. Ibrahim Ali	– Advisor
Mr. S.S. Khandekar	– Executive Director- Co-ordination Operations - Corporate
Mr. I.C. Ahuja	– Executive Director- Projects – Corporate
Mr. Sushil Bhatler	– Executive Director- Special Projects
Mr. Alok Agarwal	– Executive Director- Strategy Planning
Mr. T.R.C. Nair	– Executive Vice President (Corporate & Legal)
Mr. M.K. Chattopadhyaya	– Chief Financial Officer

**SENIOR MANAGEMENT**

Mr. Jayant Kumar	– EVP (Projects)
Mr. Amit Singha	– Sr.VP (New Delhi)
Mr. V. Sivaraman	– Sr. VP (Commercial)
Mr. K. Sasikumar	– VP (Taxation & Internal Audit)
Mr. Atul Falgunia	– VP (Secretarial)
Mr. Ramawatar Sharma	– VP (Banking)
Mrs. Visalakshi Sridhar	– VP (Finance)
Mr. Hemant Mogra	– VP (Corporate Accounts)

**AUDITORS**

M/s. Kanu Doshi Associates, Mumbai

**BANKERS**

Punjab National Bank  
UTI Bank Limited  
HDFC Bank Ltd.

**LOCATIONS:**

**Registered Office of the Company & its Subsidiaries**  
[Except R.B.G. Minerals Inds. Ltd., Krishna Holdings Pte. Ltd.,  
Shandong Binani Rong'An Cement Co. Ltd., Binani Energy  
Pvt. Ltd., Murari Holdings Ltd. and Sankalp Holdings Ltd.]

706, Om Tower, 32, Chowringhee Road,  
Kolkata 700 071  
Email: binanical@vsnl.net  
Phone: 033-22882508  
Fax: 033-22882510

**Corporate Offices of the Company & its Subsidiaries**

Mercantile Chambers,  
12, J.N. Heredia Marg, Ballard Estate,  
Mumbai 400 001.  
Email: mumbai@binani.net  
Phone: 022-30263000/3001/3002  
Fax: 022-22634960/ 22640045

**Project Office(BCL)**

Feltham House,  
10, J.N. Heredia Marg, Ballard Estate,  
Mumbai 400 001.  
Phone: 022-22634951/2  
Fax: 022-22634953

**SUBSIDIARIES****Binani Zinc Limited (BZL)**

Binanipuram, Ernakulam, Kerala 683 502

**Binani Cement Limited (BCL)**

- |  |  |
|--|--|
| 1. Binanigram, Pindwara,<br>Dist. Sirohi,<br>Rajasthan 307 022 | 2. Village Sirohi,<br>Taluka:Neem Ka Thana<br>Dist. Sikar, Rajasthan |
|--|--|

**Goa Glass Fibre Limited (GGFL)**

Colvale, Bardez, Goa 403 513

**Wada Industrial Estate Ltd. (WIEL)**

Wada, Dist Thane

**BT Composites Limited (BTCL)**

C5 to C9, Madkaim Industrial Estate,  
Mardol Post, Madkaim, Goa 403 404.

**Ess Vee Alloys Private Limited. (Ess Vee)**

Plot No.113, D.S.S. Industrial Estate,  
Piparia, Silvassa 396 230  
Dadra & Nagar Haveli (U.T)

**R.B.G. Minerals Industries Limited (RBG) [Regd.Office]**

17 A, Old Fatehpura, Udaipur - 313 004 (Rajasthan)

**Binani Energy Pvt. Ltd. (BEPL) (Regd.Office)**

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

**Krishna Holdings Pte. Ltd. Singapore (KHL)**

8 Temasek Boulevard,  
#22-03 Suntec Tower 3,  
Singapore 038 988

**Shandong Binani Rong'An Cement Co. Ltd. China (SBRCC)**

Fujiazhuang, Dong Guan Town,  
Ju County, Rizhao City,  
Shandong Province

**Mukundan Holdings Limited (MHL)**

P.O. Box 957, Offshore Incorporations Centre,  
Road Town, Tortola,  
British Virgin Islands (BVI)

**Murari Holdings Limited**

Akara Building, 24, De Castro Street,  
Wickham Cay, Road Town, Tortola  
British Virgin Islands

**Sankalp Holdings Limited**

Cyprus

**Associate Company****Binani Cement Factory LLC.**

Jabel Ali, Dubai

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Forty Sixth Annual General Meeting of the Company will be held at 9.30 a.m. at **Rotary Sadan, 94/2 Chowringhee Road, Kolkata- 700 020** on **Friday the 26<sup>th</sup> June, 2009** 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, 2009.
2. To declare dividend.
3. To appoint a Director in place of Mr. A.C. Chakrabortti 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 an Ordinary Resolution:  
**"RESOLVED THAT** Mr. Sunil Sethy, who was appointed as an Additional Director and who in terms of Section 260 of the Companies Act, 1956 read with Article 89 of the Articles of Association of the Company holds such office upto the day of this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director along with a deposit of Rs.500/- be and is hereby appointed as a Director of the Company."
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED THAT** Ms. Nidhi Binani who was appointed as an Additional Director and who in terms of Section 260 of the Companies Act, 1956 read with Article 89 of the Articles of Association of the Company, holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing her candidature for the office of the Director, along with a deposit of Rs. 500/-, be and is hereby appointed as a Director of the Company liable to retire by rotation".

**Place : Mumbai**  
**Dated : 23<sup>rd</sup> April, 2009**

**By Order of the Board**  
**For Binani Industries Limited**  
**(T.R.C Nair)**  
**Executive Vice President (Corporate & Legal)**  
**& 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 Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 19<sup>th</sup> June, 2009 to Friday, the 26<sup>th</sup> June, 2009 ( both days inclusive).
4. Dividend, if declared, will be paid to those members whose names appear on the Company's Register of members on 26<sup>th</sup> June, 2009 on the paid up capital of the Company as on 31<sup>st</sup> March, 2009. In respect of shares held in electronic form (Demat mode), the dividend will be payable to the beneficial owners of shares as on 19<sup>th</sup> June, 2009 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 31<sup>st</sup> March 2006, 31<sup>st</sup> March, 2007 and 31<sup>st</sup> March 2008 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:
  - a. Dividend for the year ended 31.03.2006 – 10.08.2013
  - b. Dividend for the year ended 31.03.2007 – 07.08.2014
  - c. Dividend for the year ended 31.03.2008 – 04.08.2015

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 as per existing provisions of the Companies Act, 1956.

In respect of the dividend for the years ended 31.3.1996, 31.3.1997, 31.3.1998, 31.3.1999 and 31.3.2000 the balances on 27.8.2003, 2.12.2004, 25.1.2006, 21.01.2007 and 11.11.2007 respectively have been transferred to Investor Education & Protection Fund.

6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 6 & 7 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 and the notice proposing the candidature of Mr. Sunil Sethy and Ms. Nidhi Binani as Directors 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 upto 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 Link Intime India Private Limited.
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. If there are any Shareholders still holding Share Certificates of the Company with the name Binani Zinc Limited, they should immediately write to the Registered Office of the Company asking for change of name stickers to be affixed on such Share Certificates to change the name to Binani Industries Limited indicating the number of such certificates being held. **Such Share Certificates need not be send; only the details of the Certificates are to be furnished for issue of another set of Stickers for change of name.**
11. 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 Dematerialized form only, with effect from 21<sup>st</sup> 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. **Those shareholders who are still holding shares in physical form are advised to get their shares dematted in their own interest.**
12. Members may note that the Company's website is [www.binani.com](http://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 Link Intime India Pvt. Limited.**  
Unit: Binani Industries Limited, C-13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 071,  
Tel. No.022 - 25963838, Fax: 022 - 25946969 E-mail: [rajesh.mishra@linkintime.co.in](mailto:rajesh.mishra@linkintime.co.in)
16. Shareholders who hold the shares of the Company in the dematerialised form, change of address and change of Bank mandate if any, should be notified to the concerned Depository Participant (DP) only.
17. Binani Zinc Limited (BZL) a subsidiary of the Company 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 of the Company 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 immediately. The Shares of BZL can be dematted either through National Securities Depository Limited and Central Depository Services India Limited and ISIN Number of the Company is INE310H01010. However being unlisted the Shares of BZL 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, Wada Industrial Estate Limited, Ess Vee Alloys Pvt. Limited, R.B.G. Minerals Industries Limited, Binani Energy Pvt. Limited, Krishna Holdings Pte. Limited, Singapore, Shandong Binani Rong'An Cement Co. Ltd. China, Sankalp Holding Limited, Cyprus and Murari Holdings Limited, British Virgin Islands for the year ended 31st March, 2009 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](http://www.binani.com). Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2009 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 – Mr. T.R.C. Nair, Executive Vice President (Corporate & Legal) & Secretary  
Tel. Nos. 022- 30263000 - 3002 : [trc@binani.net](mailto:trc@binani.net)  
General Manager (Secretarial) at Registered Office at 706, Om Tower,  
32 Chowringhee Road, Kolkata 700 071. Tel.: 033-22882508  
Email: [binanical@vsnl.net](mailto:binanical@vsnl.net)

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 AND DETAILS AS REQUIRED UNDER LISTING AGREEMENT****Item No. 3 (Mr. A.C. Chakrabortti)**

Mr. A. C. Chakrabortti, aged 78 years is a Chartered Accountant and Member of the Institute of Chartered Accountants, England & Wales and Institute of Chartered Accountant of India. He was a Partner of M/s S. R. Batliboi & Co. and he has long association with Industrial houses of repute. 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., and United Nano-Tech Products Ltd., Vice Chairman of Grindwell Norton Ltd., and Director of Calcutta Metropolitan Group Ltd. Kolkata, Rasoi Industries Ltd., Jagsonpal Pharmaceuticals Ltd., Texmaco Ltd, Peerless General Finance & Investment Company Ltd., Chandras' Chemicals Limited, Denso India Limited, Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited, United Credit Belani Properties Limited and Ravi Auto Limited. He also functions as Chairman of the Audit Committee of Texmaco Limited, Peerless General Finance & Investment Company Limited, Grindwell Norton Limited, Denso India Limited. He is member of Audit Committee of La-Opala Glass Limited, Binani Industries Limited and Jagsonpal Pharmaceuticals Limited. He is member of Gopal Chakrabortti Charitable Trust and Governing Committee of Bawa Lalvani Public School, Kapurthala.

**Item No.4 (Dr. V.C. Shah)**

Dr. V.C. Shah, (81 Years ) is a Ph.D in Economics from Columbia University having more than 56 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, Binani Cement Ltd., Shardul Securities Limited and Ambalal Sarabhai Enterprises Limited. In addition he also functions as the Chairman of the Investor Relations Committee of Binani Industries Ltd. and Binani Cement Limited. He is a member of the Remuneration Committee of Binani Industries Limited, Ambalal Sarabhai Enterprises Limited and Binani Cement 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.

**Item No.6 (Mr. Sunil Sethy)**

Mr. Sunil Sethy was appointed as Additional Director with effect from 24<sup>th</sup> October, 2008 and as Managing Director for a period of 5 years from 10<sup>th</sup> November, 2008 to 9<sup>th</sup> November, 2013. Pursuant to Section 260 of the Companies Act, 1956 read with Clause 89 of the Articles of Association of the Company he will hold Office upto the date of the next Annual General Meeting . The Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director along with a deposit of Rs. 500/-. His appointment and remuneration as Managing Director has already been approved by Special Resolution through Postal Ballot the result of which was declared on 9<sup>th</sup> January, 2009.

Mr. Sunil Sethy, aged 58 years is a Fellow member of the Institute of Chartered Accountants of India (FCA 1974) (35<sup>th</sup> rank of All India merit list of Chartered Accountant (inter) and 37<sup>th</sup> rank All India Merit list of Chartered Accountant (Final).

Mr. Sunil Sethy has over 34 years experience in diversified business in the domain of finance, accounts, strategy, Human Resources and legal having been associated with Acme Tele Power Limited, Chambal Fertilizers and Chemicals Limited, Eternit Everest Limited, UB Group, PSI Data Systems, Eicher Goodearth Limited, Zuari Agro Chemicals Ltd. and Usha Sales Pvt. Limited in various capacities including as Chief Financial Officer and Managing Director of Chambal Fertilizers and Chemicals Limited and Corporate Director of Acme Telepower Limited.

In addition to Binani Industries Limited, Mr. Sunil Sethy serves as Partner of M/s. Radix Technologies.

Your Directors recommend the appointment of Mr. Sunil Sethy as Director of the Company.

None of the Directors is anyway concerned or interested in the resolution except Mr. Sunil Sethy to the extent of his appointment.

**Item No. 7 (Ms. Nidhi Binani)**

Ms. Nidhi Binani was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 23<sup>rd</sup> April, 2009 under Section 260 of the Companies Act, 1956 read with Article 89 and she would hold office upto the date of this Annual General Meeting. The Company has received a notice from a member signifying his intention to propose the appointment of Ms. Nidhi Binani as Director of the Company liable to retire by rotation at the ensuing Annual General Meeting. The said notice is accompanied by a deposit of Rs. 500/- as required by law.

Ms. Nidhi Binani, aged 24 years, is B.A with specialization in Economics from St. Xaviers College, Mumbai. During her graduation period she has prepared project report on issues relating to labour migration within India and various steps taken by Government

and NGO's to improve the condition of migrant workers, quota removal on imports of textiles, a market research study on the popularity and knowledge relating to mediclaim policies. She has also attended various investment workshops on the Stock Market that covered important aspects such as capital market, mutual funds, IPO's, derivatives and index futures etc. She is a promoter non-executive director. In the last two years Ms. Nidhi Binani has been deeply involved in the structuring of the international operation of the group and has been co-ordinating the Cement marketing from the Corporate office. In the process she has acquired valuable experience in the operations of the group.

Besides being a Director of the Company, she is also Director in Binani Metals Limited and Binani Cement Limited.

Your Directors recommend the appointment of Ms. Nidhi Binani as Director of the Company.

None of the Directors is in any way concerned or interested in this resolution except Ms. Nidhi Binani and Mr. Braj Binani to the extent of her appointment.

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.

**Place : Mumbai**  
**Dated : 23<sup>rd</sup> April, 2009**

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

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





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

Your Directors present the Forty Sixth Annual Report of the Company together with the Audited Statement of the Accounts for the year ended 31<sup>st</sup> March, 2009.

**1. FINANCIAL PERFORMANCE**

	(Rs. in Lakhs)	
	<i>For the year ended</i>	<i>For the year ended</i>
	<b>31.03.2009</b>	<b>31.03.2008</b>
Sales /Profit on sale of fixed assets, investments/ other Income	<b>5118</b>	2793
Profit before, Depreciation, Interest, extraordinary Items and Taxation.	<b>2859</b>	2244
Provision for Depreciation	<b>33</b>	42
Profit before Interest, extraordinary items and Taxation	<b>2826</b>	2202
Interest and Financial Charges	<b>702</b>	707
Profit before extraordinary items and before Taxation	<b>2124</b>	1495
Provision for Taxation including deferred tax and Fringe Benefit Tax	<b>13</b>	2
Profit after Tax but before extraordinary items	<b>2111</b>	1493
Extra Ordinary Items	<b>1266</b>	0
Profit for the year	<b>3377</b>	1493
<b>APPROPRIATIONS / ADJUSTMENTS</b>		
Transfer to General Reserve	<b>(350)</b>	(150)
Proposed Dividend	<b>(888)</b>	(888)
Tax on Dividend	<b>Nil</b>	Nil
(Loss) brought forward from last year	<b>(6464)</b>	(7069)
Adjusted with credit balance of general reserve	<b>350</b>	150
(Loss) carried to balance sheet	<b>(3975)</b>	(6464)

\*Previous years' figures have been regrouped / reclassified wherever necessary.

**1.1 Review of Operations**

The Company is a holding company and has no manufacturing activities. Dividend from its subsidiaries is the main source of income. During the year the Company received dividend of Rs.32.96 Crores from Binani Cement Ltd. During the year under review, the Company started giving corporate support services related to Accounts, Finance, Treasury, Forex/ Commodity Risk Management, Purchases, Audit, Taxation, Corporate Strategy, Media Services, Project Management etc. to its subsidiaries. For rendering such services, the Company has received management services fees amounting to Rs.14.10 Crores.

**1.2 Future Prospects**

While the main operating subsidiary namely Binani Cement Limited (BCL) has done reasonably well, Binani Zinc Limited (BZL) has suffered losses mainly due to high volatility in the LME prices of Zinc Metal. Goa Glass Fibre Limited (GGFL) has earned a marginal profit of Rs.100 Lakhs. Since BCL has already declared a dividend of 21% for the year ended 31/03/09, the Company will receive approximately Rs. 27.68 Crore as dividend income during the current year.

**2 Subsidiaries**

The Company being a holding Company with no manufacturing activity, we present below a brief report on the operations of the major subsidiaries.

**2.1 BINANI CEMENT LIMITED (BCL)****Industry Overview**

The Cement industry in India in the year 2008-09 was also impacted by the economic slowdown in India as a consequence of the global financial meltdown and could record only a growth around 8%.

During the year 2008-09 the cost of inputs especially of imported coal and power increased substantially which could not be passed on to consumer due to market forces and also the prices of cement remained weak up to December' 08 quarter.

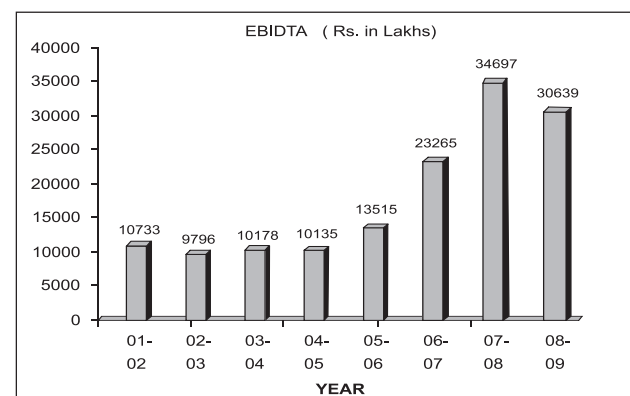
However the demand picked up from December'08 mainly due to increased government spending on infrastructure and from town and rural areas and started firming up from January 2009. Industry experts and market players were optimistic that, at least till the onset of monsoon, demand will continue to remain good especially on account of low cost housing demand in rural and semi urban areas. Furthermore imported coal prices which had peaked dropped in the last quarter of the financial year.

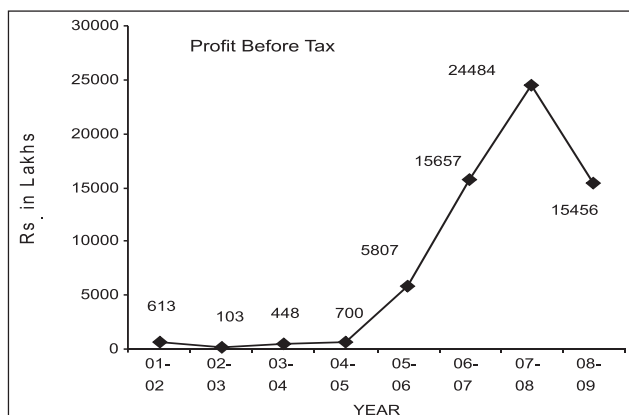
Nationalized banks have reduced/are expected to reduce their interest rates on housing loans. As a result, the number of houses constructed is expected to increase from 3.6 Million in 2007 to 6 Million units by 2011. In view of the sustained growth in demand for housing which accounts for more than 55% of the demand for Cement, the cement prices are expected to remain firm in the medium- term.

**2.1.1 Financial Performance**

The financial performance for the year ended 31<sup>st</sup> March, 2009 is summarized below:

	Rs. in Lakhs		
	<b>2008-09</b>	<b>2007-08</b>	<b>% Change</b>
Sales & Other Income	<b>150,270</b>	99,181	52
EBIDTA	<b>30,639</b>	34,697	-12
Cash Profit	<b>23,487</b>	30,051	-22
Profit before Tax	<b>15,456</b>	24,484	-37
Profit after Tax	<b>10,867</b>	17,582	-38





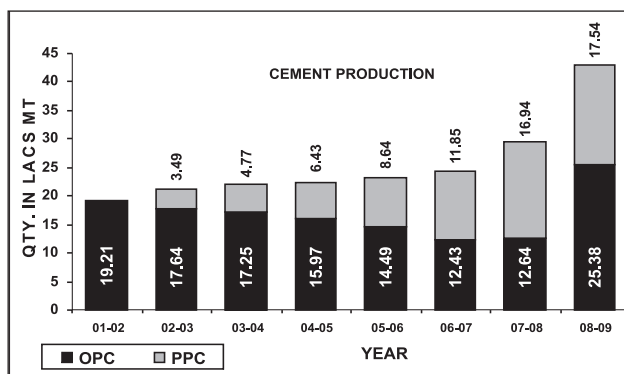
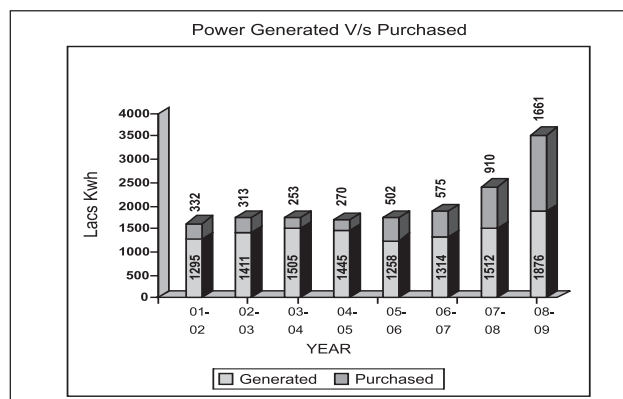
### 2.1.2 Review of Operations

BCL continued to maintain its growth in production, dispatches, sales and power generation and also surpassed all the previous records on many fronts during the year under review. The increase in production is mainly contributed by the full year's production of the new expansion unit commissioned in the previous year and production of Grinding unit at Neem Ka Thana which commenced commercial operations from 1st September, 08.

During the year the production of the cement has increased by 45% over 2007-08. The Company produced 42.92 Lakhs MT as against 29.58 Lakhs MT in 2007-08. The sales of the Cement has increased by 43% over the previous year sales. The company sold 42.43 Lakhs MT of cement as against 29.61 Lakhs MT in the previous year.

Own power generation during the year under review was 1876.39 Lakhs KWh (net) as against 1511.55 Lakhs KWh in 2007-08.

However, in the backdrop of the global economic turmoil which affected India's economy BCL too could not remain insulated. During the second and third quarters of the financial year the profitability of BCL was adversely affected due to the substantial increase in the cost of imported coal; a major cost component. With the subsequent dropping of international prices of Coal, the fourth quarter of the financial year showed a far better financial performance. In spite of this since the adverse impact of the earlier cost increases could not be passed on to consumers due to market forces, the net profit before tax during the year 2008-09 has been lower by 37% over the previous year.



### 2.1.3. Future Outlook

Indian Economic Scenario: In view of the inherent strengths within the Indian Economy, the Global crisis had only a limited impact on our economy. The large domestic population along with its increased per capita income on the back of sustained growth over past few years is expected to provide demand that will ensure continued economic growth. The uncertain economic and political situation throws up varying forecasts for the financial year 2010. According to experts GDP is expected to average from a low of about 5% (Planning Commission) to about 6.7% (Dun and Bradstreet) for 2009-10. This is expected on account of:-

- Rise in domestic demand.
- Stability in export demand
- Faster implementation of infrastructure projects and
- Increase in the development expenditure by the Government.

The Industrial growth is expected to improve and average at 5.5% on account of improvement in demand in second half. While Industrial growth is expected to improve on account of improvement in demand, service sector is likely to decelerate.

Indian Cement Industry: The Cement industry recovered towards the end of 2008-09 in spite of recessionary trends on account of

- Good retail demand from semi urban and rural areas, particularly in North and East.
- Pre election demand for infrastructure
- Low Cost housing sector on the upswing riding on the support of Government initiatives, sixth pay commission and national rural employment guarantee scheme.

Prices are expected to soften in the second half of 2009 as the demand from government projects taper off and credit crunch thwarts new projects. The industry expects to grow at 8% in 2009-10 as against 7.8% of 2008-09. The Capacity increase by another 28MTPA in 2009-10 may bring prices under pressure towards the end of the year. The Government thrust on infrastructure, housing sector boom and rapid urbanization will be the main drivers of growth for the industry

### 2.1.4 PROJECT OVERVIEW

#### Expansion Projects / Railway Sidings

During the year 2008-09 Dry fly ash handling system for cement mills was erected and commissioned, which is a single location unloading system of dry fly ash from tankers as well as

from open trucks and which is apart from being environment friendly because of eliminated fugitive dust emission also restricted the movement of tankers. It also provided an option of producing PPC in recently commissioned Cement Mill.

Expansion of Railway yard by addition of railway line no. 4 for material loading in wagons was also completed during the year.

Alternate fuel for producing clinker for which the Alternate fuel handling system was also commissioned during the year will reduce CO<sub>2</sub> emission.

Also an arrangement has been provided for loading loose cement in bulk quantity for dispatching through tankers directly from Cement Silo. To further strengthen the safety system the Fire Hydrant system for Unit-2 was also commissioned during the year 2008-09.

Erection of the first 22.3 MW captive power plant was completed in March 2008 and the second 22.3 MW Captive power plant is in progress and is expected to be completed by the end of May 2009 with full capacity power generation by the end of August 2009. These power plants are Air Cooled and will substantially reduce the requirement of scarce water resources at our disposal.

#### **Cement grinding unit – Neem ka Thana**

At Neem Ka Thana, grinding unit, balance work of railway siding and 132 KVA power line is scheduled to be completed by the end of June 2009 and full capacity of the mill output can be achieved after commissioning of 132 KVA power line.

#### **Overseas Projects**

##### **China/Dubai**

The Company proposes to expand the capacity of Shandong Binani Rong'An Cement Company Limited from the present level of 0.5 million metric tonnes per annum by further 2.5 million metric tonnes per annum at an estimated cost of 750 million RMB. The permission from the Government for the land acquisition has been received and handing over of the land is expected shortly. The plant is expected to be commissioned in first half of 2011.

The Expansion of Dubai plant capacity from 1.2 MTPA to 2.0 MTPA is already under way and is expected to be completed by June 2009.

#### **2.1.5 FUTURE PLANS**

##### **Expansion / Up-gradation Projects at Binanigram, Dist Sirohi Plant**

BCL has planned to increase its cement manufacturing capacity to 6.25 million tons per annum by installation of the 4th cement grinding mill and packing plant along with truck loaders at Binanigram which is expected to be commissioned by December 2009. BCL is also planning for de-bottlenecking of Kiln-2 line by enhancing the capacity of Preheater fans which shall increase the production of clinker and also enable the use of pet coke therein. To match this increased clinker production the up-gradation of Unit-2 Raw Mill by providing in-line pre-crushing system for reduction of feed size and modification of separator and other auxiliaries is also proposed.

##### **Cement Project at Sutrapada, Dist, Junagad in Gujarat**

BCL has signed an MOU with the Government of Gujarat for facilitation of approvals, allocation of limestone mines etc. for the greenfield Cement plant of a annual 2.5 million tones Clinker /Cement production capacity for which financial closure has already been done. The project is expected to be commissioned by mid 2011.

##### **Lignite Project in Dist. Nagor, Rajasthan**

BCL has appointed M/s Gustavson Associates, USA as consultants for feasibility study under USTDA grant and as proposed by them the infill core drilling is in progress. The Interim report on feasibility study was received from consultant, and the final report will be completed by June '09. The conceptual planning for pit head 70 MW power plant with site location has been finalized. The Terms of Reference (ToR) was obtained from MoEF, Delhi on September 10, 2008 and based on ToR the EIA/EMP report was submitted on March 5, 2009 to Regional Officer, SPCB, Jodhpur for Public Hearing.

The Mining Lease application is in process with the State/ Central government along with the approval of mining Plan. The projected schedule for completion of the project is March 2010 at a cost of Rs. 100 crore.

#### **2.1.6 INTERNAL CONTROL SYSTEM**

The management maintains adequate internal controls commensurate with the nature and size of operations of BCL, which is designed to provide reasonable assurance that assets are safe-guarded, transactions are correctly executed and recorded in accordance with managements' authorization, applicable accounting standards and selected accounting policies which are being applied consistently. To further strengthen the internal controls and integration BCL has successfully implemented the "SAP" software at its Works and in Marketing functions.

BCL's internal control system provides a high level of system based checks and controls. Regular internal audits and checks ensure that responsibilities are executed efficiently. The Audit committee of Board of Directors actively reviews the adequacy and effectiveness of internal control system and suggests improvement for strengthening them from time to time.

#### **2.1.7 OPPORTUNITIES/THREATS/RISKS/CONCERNS**

##### **Strengths**

The state of the art Cement Plant at Sirohi having a single location clinker production capacity of 4.6 MTPA and having mines of Lime stone, which is major raw material, in close vicinity gives it a advantage of cost effectiveness. Also during the year under review the Cement grinding unit at Neem -ka- Thana having a grinding capacity of 1.4 MTPA commenced commercial production giving it an advantage to cater and increase its presence in far off Northern markets as well the nearby area in Rajasthan. BCL enjoys a very good brand image and strong network of Market organizers and Dealers. In the changing environment BCL continues to maintain the policy of cash and carry due to its strong brand image.



## Weakness

Being Land-Locked and away from ports, BCL is presently unable to exploit the distant lucrative markets.

## Opportunities

The cement market is expected to go upwards and the demand is expected to grow. The main contribution in which will be the expected increased government spending on infrastructure and to further boost the housing demand in the country, many nationalized banks have reduced their interest rates on housing loans. As a result, the number of houses constructed is expected to increase. The expanded plant capacity will enable BCL to increase its presence in the cement market. Also the establishment of the Cement Grinding unit at Neem ka Thana will enable BCL to cater and increase its presence in the far off cement deficient Northern markets and in order to tap the demand potential of far off markets. BCL has started the marketing of the cement in Maharashtra and West Bengal during the year 2008-09.

## Threats, Risks and Concerns

The increasing cost of input, coal and fuel and cost of power generation may affect the margins and any upward revision in the excise duty structure on cement, upward revision in custom duty on coal will also affect the margins, since increasing competition will not allow BCL to fully pass the increasing cost burden on to the customers. Looking at the future scenario of demand and fresh capacities expected to commence operations in 2009-10, the cement prices may remain moderate with little scope to effect any increases.

### 2.1.8 RECOGNITION AND AWARDS

During the year 2008-09 BCL received following award :

- Greentech Environment Excellence Gold Award 2008, award given by Greentech Foundation, New Delhi
- CII-ITC Sustainability Award, 2008 (Commendation for significant achievement among large business organizations) awarded by the CII, New Delhi
- Certificate of Merit for Productivity 2008, given by Rajasthan State Productivity Council, Jaipur

Apart from the above BCL also bagged second prize in the category of Group A – mechanized open cast mines – for Safety management & occupational safety health first aid and VTC at 32nd Annual Mines safety Week held under Directorate of Mines, Udaipur

### 2.1.9 SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT

Corporate Social Responsibility occupies a central position in BCL's activities and is an ongoing daily affair. BCL's plant at Sirohi is a leading industrial unit in the region and therefore the people of the adjoining areas look toward the Company for social support. BCL continues to discharge its social responsibilities along with the achievement of its own goals and objectives. BCL continues to provide necessary support to economically backward people of the adjoining villages through various community development, education and health care programmes. These include providing donations, small and

medium constructions and repair and maintenance assistance.. BCL has contributed money for the Police Community Hall at Sirohi, the installation, repair and maintenance of hand pumps in nearby villages, development of park at Pindwara village, Vaikalpik school, Akshya Kaleva yojna, para teachers salary and uniform, books to students, rain water harvesting initiatives at schools of the nearby village and towards donations for various social activities. Further to rejuvenate the citizens of Pindwara, the Management revamped the old abandoned Gandhi Park spending Rs 6.46 Lakhs approximately. It has now become the recreational place in the town.

The Binani Ladies Club regularly contributes towards community development and charities through distribution of school uniforms, books, clothes to needy tribal people and blankets, mattresses and pillows to Adivasi hostel, at Pindwara.

### 2.1.10 HUMAN RESOURCES AND INDUSTRIAL RELATIONS

BCL continuously strives towards the development of its employees, to upgrade their skills and to boost the motivation levels of its human resource through various mechanisms. The same continues to be of high priority as is reflected in the fact that on an average 3.37 man days per person have been spent on training during the year under review.

Employees are motivated and team spirit strengthened through various departmental quality circles and other awareness programs being organized from time to time. BCL continues to maintain a healthy working environment and cordial industrial relations throughout the year.

The efforts put in by employees at all levels are highly commendable and have contributed immensely to the excellent performance of the company.

BCL's HR team has been continuously striving for establishing a better and congenial relationship with Workmen, Unions and all external agencies resulting in achieving zero mandays loss due to labour unrest.

### 2.1.11 SUBSIDIARIES OF BINANI CEMENT LIMITED

#### i. Shandong Binani Rong'An Cement Company Ltd. , China (SBRCC):

Shandong Binani Rong'An Cement Company Ltd. is a Company incorporated under the laws of peoples Republic of China. The Company has facilities for manufacture of 0.5 million TPA Cement at Shandong Province of China.

#### ii. Binani Cement Factory LLC, Dubai (BCFLLC):

Binani Cement Factory LCC is a Company incorporated imder the laws of United Arab Emirates. The Company has facilities for the manufacture of 1.2 MTPA of Cement grinding capacity.

#### iii. Krishna Holdings Pte. Ltd, Singapore (KHPL):

Krishna Holding is an investment Company incorporated in Singapore. The Company holds 50% investment in Krishna Holdings Pte. Ltd.

**iv. Mukundan Holdings Limited, Mauritius (MHL):**

Mukundan Holdings Limited is an investment Company incorporated in Mauritius. The Company holds 49% shares in Binani Cement Factory LLC Dubai.

**v. Murari Holdings Limited, BVI (MrHL):**

During the year under review BCL has invested in 100% of the paid up Equity Share Capital of Murari Holdings Limited a special purpose vehicle registered in British Virgin Islands for holding 51% of the beneficial interest in the paid up Share Capital of Binani Cement LLC in Dubai.

**2.2 BINANI ZINC LIMITED (BZL)****Industry Overview**

Though India is not a leading player in zinc production, it has approximately 15 per cent share in the total zinc smelter capacity in the Asia-Pacific region. The country is one of the fastest growing regions of zinc consumption in the world. India's zinc demand is likely to grow 12-15 per cent per annum compared with the global average of 5 per cent.

The global slowdown in 2008 has made its impact on the zinc business. Since April 2008, the LME zinc price has fallen by about 65 per cent. Mining companies across the globe have been grappling with the sharp fall in base metals prices. Several smelters have also announced production cutbacks. Zinc inventories as per LME have risen to 360,000 tonnes at the start of March 2008 from 254,000 at the beginning of January 2009. However, in March 2009, LME zinc price has started showing steady signs of recovery. Massive investments planned in the infrastructure segment will boost the consumption of zinc related products.

BZL's financials were adversely affected due to high volatility in LME zinc prices, poor TC (treatment charges), reduction in import duty effected during part of the financial year, imposition of thermal surcharge on KSEB power, KSEB power restrictions and high input costs. EBDITA for the year 2008-09 stood at Rs. 1,316 lakhs. Import duty of 5% on zinc metal has been reinstated from January 2009. Thermal surcharge imposed on KSEB power has been removed with effect from 1st March 2009

**2.2.1 Review of Operations**

Zinc production was 30,443 MT for the year 2008-09 as compared to 31,903 MT in 2007-08. The plant capacity utilization was 80%. BZL has sold 29,390 MT of zinc ingots during the year 2008-09 as compared to 30,744 MT in 2007-08.

LME Zinc prices generally showed a downtrend during the year, the major contributing factor being the global economic slowdown. On the other hand, Sulphuric acid prices witnessed a steady rise in the 1st and 2nd quarters, but dropped in the later months.

**Financial Performance**

	(Rs. in Lakhs)	
	2008-09	2007-08
Net Sales & Other Income	28,509	48,164
Operating costs	27,193	45,573
EBIDTA	1,316	2,591
Interest & Financial Charges	896	1,277
Cash Profit	420	1,314
Depreciation	735	694
Balance Profit/(Loss) before Tax	(315)	620
Profit / (Loss) after Tax	(228)	327

With people involvement, ISO 14001: 2004 and ISO 9001: 2000 surveillance audits, and re-certifications under SA 8000: 2001 and OHSAS 18001: 2007 standards were completed.

BZL won the Kerala State Pollution Control Board's Award for the Industry adopting best Pollution Control measures. Directorate of Factories & Boilers, Government of Kerala recognized the yeomen efforts by Ghanshyam Binani Health Centre ( GBHC), by awarding the First Prize among the occupational health centres in the State. Again, National Safety Council, Kerala Chapter recognised the performance of the Company's Safety Committee as the Best Safety Committee in the State.

**Future Plans**

BZL is putting all efforts towards reducing its cost of conversion. In the year 2009-10 it plans to install a fine zinc dust plant and thereby reducing outsourced conversion of the same. The on-going de-bottlenecking exercise will continue to address all processes.

**2.2.2 Strengths/Opportunities/Threats/Risks/Concerns**

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

- Fluctuation in Zinc prices
- Shortage of raw material

BZL has drawn up comprehensive plans to mitigate the perceived threats which includes development of own mines and long term tie-up for concentrate.

BZL has already established an effective hedging mechanism to safeguard itself from any wide fluctuation in zinc prices but with increasing volatility in prices, they are exploring more advanced risk management through options.

Shortage of raw material (zinc concentrate) is the aftermath of global recession. A number of mines have closed temporarily. However, BZL has entered into contracts for around 75% of its full requirement for the year 2009-10 and sourcing the balance amount from the spot market is not expected to pose any problem.

BZL is also in process of establishing long-term contracts with miners to protect itself from raw material shortages in future. BZL is also working on setting up its captive mines.