

# Binani

**BINANI INDUSTRIES LIMITED**

*Annual Report 2011 - 12*



## BOARD OF DIRECTORS

Mr. Braj Binani - Chairman  
Mr. Sunil Sethy - Executive Vice Chairman & Managing Director  
Ms. Shradha Binani - Alternate Director to Ms. Nidhi Singhania (w.e.f 21.4.2012)  
Mr. S. Padmakumar (Till 20.11.2011)  
Dr. V. C. Shah (Till 20.11.2011)  
Mr. A. C. Chakrabortti (Till 20.11.2011)  
Mr. N.C.Singhal  
Ms. Nidhi Singhania  
Mr. Jitender Balakrishnan  
Mr. V.Subramanian (w.e.f. 20.11.2011)  
Mr. Sudhakar Rao (w.e.f. 28.1.2012)

## AUDIT COMMITTEE

Mr. Jitender Balakrishnan - Chairman  
Mr. N.C.Singhal - Member  
Mr. V. Subramanian - Member

## CHIEF FINANCIAL OFFICER- GROUP CONTROL ACCOUNTS

Mr. R. Venkiteswaran

## CORE MANAGEMENT COMMITTEE

Mr. Braj Binani - Chairman  
Mr. Sunil Sethy - Exec.Vice Chairman & Managing Director  
Mr. Sushil Bhatte - Sr. Executive Director  
Mr. Alok Agarwal - Sr. ED - Marketing and Strategy  
Mr. P Acharya - Sr. ED & Wholetime Director (BCL)  
Ms. Nidhi Singhania - Director  
Ms. Shradha Binani - Alternate Director to Nidhi Singhania  
Mr. M.K.Chattopadhyaya - Executive Director (Secretary to the Committee)

## AUDITORS

Kanu Doshi Associates, Mumbai

## TERM LENDERS & BANKERS

IFCI Limited  
EXIM Bank  
Punjab National Bank  
IDBI Bank Limited  
Syndicate Bank  
Indian Overseas Bank

## LEGAL ADVISORS

Udwadia & Udeshi  
Mumbai  
AZB & Partners  
Mumbai

## REGISTERED OFFICE

37/2 Chinar Park,  
Rajarhat, New Town Road,  
P.O.Hatiara, Kolkata 700 157  
(Tel: 033-40161800,32562726)

## CORPORATE OFFICE

Mercantile Chambers,  
12, J N Heredia Marg, Ballard Estate,  
Mumbai 400 001.(Tel.022 30263000-02)

## SUBSIDIARIES

### INDIAN

#### Binani Cement Limited (BCL)

Binanigram, Pindwara,  
Dist. Sirohi, Rajasthan 307022

#### Binani Zinc Limited (BZL)

Binanipuram, Ernakulam, Kerala 683502

#### Goa Glass Fibre Limited (GGFL)

Colvale, Bardez, Goa 403 513

#### BT Composites Limited (BTCL)

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

#### Wada Industrial Estate Limited

Wada, Dist Thane

#### Binani Energy Pvt. Limited

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

#### BIL Infratech Limited

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

### OVERSEAS

#### Sankalp Holdings Limited (SHL)

Arch.Makariou III, 229 Meliza Court, 4th Floor,  
Limassol, Cyprus.

#### CPI Binani Inc

1700 Wilkie Drive, P.O. Box 108, Winona,  
Minnesota-55987, USA

#### Glass Fibre Holding I S a r l,

BIL Holding II S a r l & BIL Holding III S a r l.  
50, Esplanade, L-9227 Diekirch, Luxembourg.

## REGISTRAR AND SHARE TRANSFER AGENTS

#### Link Intime India Pvt. Limited

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

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## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Forty Ninth Annual General Meeting of the shareholders of the Company will be held at 12.30 P.M. at Rotary Sadan, 94/2 Chowringhee Road, Kolkata-700020., on Saturday the 4th August, 2012 to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors' and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Braj Binani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. Kanu Doshi Associates, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and authorize the Board of Directors and/ or Committee thereof to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :  
"RESOLVED THAT Mr. V.Subramanian, 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 office upto 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 alongwith a deposit of Rs. 500/-, be and is hereby appointed as a Director of the Company."
6. To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :  
" RESOLVED THAT Mr. Sudhakar Rao , 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 office upto 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 alongwith a deposit of Rs. 500/-, be and is hereby appointed as a Director of the Company."

By order of the Board  
For Binani Industries Limited

Sunil Sethy

Executive Vice Chairman  
& Managing Director

Place : Mumbai  
Dated : 21st April 2012

### 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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. The proxy form in order to be effective should be duly stamped, signed and completed in all respects and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos.5 & 6 of the Notice is appended hereto and forms part of this Notice.
4. No person shall be entitled to attend or vote at the meeting as a duly authorized representative of any body corporate which is a shareholder of the Company, unless a certified copy of the resolution appointing him/her as duly authorized representative has been deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 28th July, 2012 to Saturday, the 4th August, 2012 (both days inclusive).
6. Dividend, if declared, will be paid to those members whose names appear on the Company's Register of members on 28th July, 2012 on the paid up capital of the Company as on 31st March, 2012. In respect of shares held in electronic form (Demat mode), the dividend will be paid to the beneficial owners position received from the depositories as at the close of 28th July, 2012.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all unclaimed / unpaid Dividends upto and inclusive of financial year 1994-95 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 on 31st March 2006, 31st March, 2007, 31st March 2008, 31st March, 2009, 31st March 2010 and 31st March 2011 may lodge a claim with the Company immediately failing which the balance will be transferred to the Investor Education & Protection Fund established by the Central Government on or before the dates indicated below:

Sl. No.	Year ended	Last date for claiming the amount of dividend from the Company
1.	31.3.2006	10.8.2013
2.	31.3.2007	07.8.2014
3.	31.3.2008	04.08.2015
4.	31.3.2009	07.08.2016
5.	31.3.2010	06.08.2017
6.	31.3.2011	08.08.2018

After the above dates, the Shareholders are not entitled to claim the outstanding dividend 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, 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.

8. Members 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 the Company's Registrars & Share Transfer Agents.
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 of the Company still holding Share Certificates of the Company with the old 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. Members who are holding shares in physical form are advised to get their physical shares dematerialized in their own interest so that they get their dividend credited into their Bank Account directly. This will not only enable them to get quicker credit of the dividend amount but also save them from facing unnecessary hardship of the dividend warrants getting lost in postal transit. Further, note that the Company's shares are traded in Stock Exchange(s) only in dematerialized form.
12. **In spite of repeated requests, some shareholders (mostly upto Folio No. 34409) are still holding certificates of Rs.100/- each. They are requested to surrender them immediately for exchange into shares of Rs.10/- each to the Registered Office of the Company.**
13. The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued as a measure of economy. Members are therefore requested to bring their copy of the Annual Report and Attendance Slip duly completed to the Meeting.
14. The Ministry of Corporate Affairs, Government of India, vide Circular No. 17/2011 allowed service of documents by e-mode as a Green initiative in the Corporate Governance. Members are requested to Register their e-mail addresses with the Company's Registrar & Share Transfer Agents: M/s. Link Intime India Pvt. Limited Unit: Binani Industries Limited, C-13, Pannalal Silk Mills Compound, L.B.S .Marg, Bhandup (W), Mumbai -400 078, for the purpose of service of documents under Section 53 of the Companies Act, 1956.
15. Members are requested to:
  - a) Notify promptly any change in their address and send all correspondence relating to shares including requests for transfers, change of status, change of mandate, fresh mandate etc either to the Company at its Registered office or to the Company's Registrar and Share 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 -400 078, Tel.No. 022-25946970 - Fax: 022-25946969 E-mail: rnt.helpdesk@linkintime.co.in**
  - b) Notify the change in the address and change in the bank mandate to the concerned Depository Participants only if the shares are held in dematerialized form.
  - c) Send their queries, if any, in respect of Annual Accounts of the Company at least 15 days in advance of the meeting at the Company's Registered office so that information can be made available at the meeting.
  - d) Fill in the attendance slip for attending the meeting and those who hold the shares in dematerialized form are requested to bring their client ID and DPID for identification of attendance at the meeting.
16. 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.
17. (i) Pursuant to the General Exemption granted by the Central Government, Ministry of Corporate Affairs under Section 212 of the Companies Act, 1956 vide Circular No.2/2011 dated 8th February, 2011, the Board of Directors at its meeting held on 28th January, 2012, granted its consent not to attach the Director's Report, Auditors Report, Balance Sheet, Statement of Profit and Loss and Notes and Annexure thereto of the following Subsidiaries and step down Subsidiaries subject to the Company fulfilling the conditions prescribed therein.  
 Binani Cement Ltd, Binani Zinc Ltd, Goa Glass Fibre Ltd, BT Composites Ltd, Wada Industrial Estate Ltd., Sankalp Holdings Ltd, Abhinav Holdings Ltd, BIL Infratech Ltd, Binani Ready Mix Concrete Ltd, CPI Binani Inc. USA, Krishna Holdings Pte. Ltd, Singapore, Shangdong Binani Rong An Cement Co. Ltd (Subsidiary of Krishna Holdings Pte Limited), Republic of China, Mukundan Holdings Ltd. BVI, Binani Cement Factory LLC, Dubai (Associate Company), Murari Holdings Ltd, BVI, Bhumi Resources (Singapore) Pvt. Ltd , Singapore, PT Angana Energy Resources , Indonesia, BC Tradelink Ltd , Tanzania, Binani Cement Factory (Mauritius) Ltd Mauritius, Binani Cement Factory (SFZ) Ltd, Sudan, Binani Cement Factory (Branch), Djibouti, Binani Cement Company Ltd, Sudan, Binani Cement Company WLL, Kuwait, Binani Cement Factory (Kenya) Limited Kenya, Binani Cement (Uganda) Ltd. Uganda, Binani Cement SARL (Djibouti), Swiss Merchandise Infrastructure Ltd, Merit Plaza Ltd, Binani Energy Pvt.Ltd, R.B.G.Minerals Inds. Ltd and BZ Minerals (Australia) Pty.Ltd, Australia. Binani Infrastructure (Mauritius) Ltd.(Wholly Owned Subsidiary of BIL Infratech), Glass Fibre Holding 1 S.a.r.l., BIL Holding II S.a.r.l, BIL Holding III S.a.r.l, 3B Fibre Glass SPRL, Belgium and 3B Fibre Glass AS, Norway.

- (ii) The Company has fulfilled the conditions (i) to (v) & (vii) of the said Circular by attaching the consolidated Financial Statement of the holding and all the Subsidiaries duly audited by the Statutory Auditors.
- (iii) The Company shall provide to the Shareholders the Annual Accounts of the aforesaid subsidiary companies and the related detailed information shall be made available to the Shareholders of the Company and that of the subsidiary companies, free of cost. A copy of the Annual Accounts of the aforesaid subsidiaries shall also be given to Shareholders free of cost on demand.
- (iv) The Annual Accounts of the Company and its Subsidiaries as above shall be kept for inspection by any shareholder in the Registered Office of the Company at 37/2, Chinar Park, Rajarhat, P.O. Hatiara, Kolkata 700 157 and Corporate Office of the Company

and its Subsidiaries at Mercantile Chambers, 12 J N Heredia Marg, Ballard Estate, Mumbai 400 001 between 11.00 a.m. and 1.00 p.m. on any working day [excluding Saturdays & Sundays] upto the date of the Annual General Meeting.

- (v) The Annual Accounts of the Company and all its Subsidiaries as above have also been posted on the Company's website [www.binani.com](http://www.binani.com). Any shareholder may access the Company's Website for the Annual Accounts of the Company and its Subsidiaries.
18. Mr. Braj Binani, Director retires by rotation and is eligible for re-appointment at the Annual General Meeting. Mr. V. Subramanian and Mr. Sudhakar Rao, Additional Directors are being appointed as Directors at the ensuing Annual General Meeting. Brief resume of the said Directors as required under Clause 49 of the Listing Agreement are as under:

Name	Mr. Braj Binani	Mr. V. Subramanian	Mr. Sudhakar Rao
Age	54	81	62
Qualifications	B.Com (Hons)	ICWAI	Masters in Economics, Public Admin & IAS Officer (Retd.)
Expertise in specific functional area	Entrepreneurial skills in Managing multi-product multi-locational conglomerate	Finance & Accounts	Administrative and Social work
Date of appointment on the Board of the Company	5th July, 1988	20th November, 2011	28th January, 2012
Name (s) of other Companies in which Directorship held	Binani Cement Ltd, Binani Metals Ltd, Binani Zinc Ltd and Goa Glass Fibre Ltd.	Binani Cement Ltd., Binani Zinc Ltd, Goa Glass Fibre Ltd, Binani Metals Ltd, Wada Industrial Estate Ltd, BT Composites Ltd, Sambhaw Holdings Ltd, Merit Plaza Ltd, Swiss Merchandise Infrastructure Ltd, Vijayshree Holdings Pvt. Ltd, Suryamukhi Vintrade Pvt. Ltd., Amrit Kalash Finance Pvt. Ltd. K.B. Vyapar Pvt. Ltd. BM Retailers Pvt. Ltd. Total Composites Pvt. Ltd., and Binani Energy Pvt. Ltd.	BSE Ltd., BSE Institute Ltd, BFSI Sector Skill Council of India, L&T Infrastructure Development Projects Ltd., Indian Oil Corpn. Ltd, CMC Ltd. Common Purpose India, Nitstone Wastemanagement Pvt. Ltd. and CMR Varalakshmi Foundation.
Name(s) of the Companies in which Committee Membership(s)/ Chairmanship(s) held (as per Clause 49 of the Listing Agreement)	Nil	<b>Chairman:</b> Audit Committee- Binani Metals Ltd, Binani Zinc Ltd., Binani Cement Ltd. Wada Industrial Estate Ltd. and BT Composites Limited <b>Member:</b> <b>Audit Committee</b> Binani Industries Ltd, Goa Glass Fibre Ltd, <b>Investor Relations Committee:</b> Binani Industries Ltd, Binani Cement Ltd., Binani Zinc Ltd, Goa Glass Fibre Ltd and Binani Metals Ltd.	N.A
Shareholding in the Company	53,125 Equity Shares of Rs.10/- each .	Nil	Nil

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

### Item No.5 :

Mr. V.Subramanian was appointed as an Additional Director on the Board at the Meeting of the Board of Directors held on 20th November, 2011 . He holds office as Director upto the date of the ensuing Annual General Meeting. The Company has received a notice from a member alongwith a deposit of Rs. 500/- proposing his appointment as a Director of the Company.

Mr. V. Subramanian, aged 81 years is a commerce graduate and Associate member of Institute of Cost and Works Accountants of India. He has more than 50 years of experience in the field of Accountancy, Taxation, Finance and Secretarial Fields. He has been in the service of Binani Industries Limited, upto 31/10/97 and retired as Executive Vice President (Corporate).

In addition to Binani Industries Limited, Mr. V.Subramanian serves on the Board of Directors of Binani Cement Ltd., Binani Zinc Ltd, Goa Glass Fibre Ltd, Binani Metals Ltd, Wada Industrial Estate Ltd, BT Composites Ltd, Sambhaw Holdings Ltd, Merit Plaza Ltd, Swiss Merchandise Infrastruture Ltd, Vijayshree Holdings Pvt.Ltd, Suryamukhi Vintrade Pvt.Ltd., Amrit Kalash Finance Pvt.Ltd. K.B.Vyapar Pvt.Ltd. BM Retailers Pvt.Ltd. Total Composites Pvt.Ltd., and Binani Energy Pvt.Ltd.

Mr. V.Subramanian's knowledge, expertise and valuable guidance could be of immense use for the Company. Therefore, your Directors recommend appointment of Mr. V.Subramanian as Director of the Company. None of the Directors is in any way concerned or interested in this resolution except Mr.V.Subramanian to the extent of his appointment.

### Item No.6 :

Mr. Sudhakar Rao was appointed as an Additional Director on the Board at the Meeting of the Board of Directors held on 28th January, 2012 . He holds office as Director upto the date of the ensuing Annual General Meeting. The Company has received a notice from a member alongwith a deposit of Rs.500/- proposing his appointment as a Director of the Company.

Mr. Sudhakar Rao, aged 62 years is a Retd. IAS . Mr. Sudhakar Rao joined the Indian Administrative Service in 1973. After initial postings at the field level in the State of Karnataka, he went on deputation to the Union Government as Under Secretary in the Ministry of Power, where he was closely associated with the work of the path breaking Rajyadhakshya Committee on Power. Thereafter, he was Deputy Commissioner & District Magistrate of Shimoga District during 1982 & 1983. He was on deputation to the Government of India once again after completing his district charge, and was Deputy Secretary in the Department of Economic Affairs, Ministry of Finance for two years and Director in the Prime Minister's office for two years dealing with policy matters covering social sectors. Later he was Joint Secretary in the Ministry of Power, entrusted essentially with the development of hydel power in the country

following which he was posted as Minister (Economic) in the Embassy of India in Washington for four years. On his return to the State Government in 2000, he has held various assignments, including Chairman & Managing Director of the Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC), Principal Secretary, Finance; Principal Secretary, Home and Principal Secretary to the Chief Minister of Karnataka and Additional Chief Secretary & Development Commissioner and finally, Chief Secretary of Karnataka, from which post he retired from government service on 30-09-2009.

After retirement Mr. Sudhakar Rao was appointed as a Member of the Public Enterprises Selection Board (PESB), Government of India equivalent to Secretary to Government of India. He resigned from the assignment in October 2010 to pursue various interests outside the Government.

Mr. Sudhakar Rao is currently an Independent Director on the Board of Indian Oil Corporation Limited (IOC), the Bombay Stock Exchange (BSE) Ltd., L&T Infrastructure and the Computer Maintenance Corporation Limited (CMC). Mr. Sudhakar Rao is also involved with the work of several not-for-profit organizations being Chairman, BSE Institute, Chairman, Common Purpose India (which is involved with leadership training) and Chairman, BFSI Sector Skill Council of India. Mr. Sudhakar Rao is also Advisor (Strategy & Development) to the Manipal Group of institutions. He is also a Member of several not-for-profit Foundations and the Chairman of the Board of Advisors of the Bangalore School of Music.

Mr. Sudhakar Rao has a Master's Degree in Economics from the Delhi School of Economics and a Master's Degree in Public Administration from the Kennedy School of Government, Harvard University. He has taught economics both in Delhi and the US and has lectured extensively in India and abroad on the subjects of India's development and Governance. He was awarded the Karnataka Rajyotsava Award for outstanding public service in 2010.

The relevant documents under the above items are available for inspection by the members of the Company during working hours from 11.00 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**

**Sunil Sethy**

Place : Mumbai

**Executive Vice Chairman & Managing**

Dated : 21st April, 2012.

**Director**

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

Your Directors present the Forty Ninth Annual Report of the Company together with the Audited Statement of the Accounts for the year ended 31st March, 2012

**1. FINANCIAL PERFORMANCE****(Rs. in Lakhs)**

Particulars	2011-12	2010-11
Revenue from operation / other income	<b>19,004</b>	8,591
Profit before Depreciation, Interest, Exceptional Items, Extraordinary Items and Tax.	<b>9,113</b>	4,570
Depreciation and amortization expenses	<b>65</b>	40
Profit before Interest, Exceptional Items, Extraordinary Items and Tax.	<b>9,048</b>	4,530
Interest and Financial Charges	<b>10,672</b>	3,384
Profit / (Loss) before Exceptional items, Extraordinary items and Tax	<b>(1,624)</b>	1,146
Exceptional Items	<b>3,627</b>	-
Profit before Extraordinary items and Tax	<b>2,003</b>	1,146
Extraordinary Items	-	-
Profit before Tax	<b>2,003</b>	1,146
Tax	<b>(634)</b>	-
Profit after Tax	<b>1,368</b>	1,146
<b>APPROPRIATIONS / ADJUSTMENTS</b>		
Transfer to General Reserve	<b>(137)</b>	(115)
Proposed Dividend	<b>(888)</b>	(888)
Tax on Dividend	<b>(144)</b>	NIL
(Loss) brought forward from last year	<b>(2,940)</b>	(3,198)
Adjusted with credit balance of General Reserve	<b>137</b>	115
(Loss) carried to balance sheet	<b>(2,603)</b>	(2,940)

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

**1.1 Review of Operations**

The Company, being a holding Company, has no manufacturing activities. Its main source of revenue is income from Management fees for management and support services provided to all its subsidiaries in the areas of Accounts, Finance, Treasury, Audit, Forex / Commodity, Risk Management, Secretarial and Legal, Purchase, Taxation, Corporate Strategy, Media Services etc. and income from Royalty for use of its Brand Logo and Trade Mark by its Subsidiaries apart from dividend from its subsidiaries.

During the year under review, the Company, as registered owner of the trade mark and logo "Binani" and "Braj Binani Group" (registered with permission from Braj Binani Family), entered into an agreement with its major operating subsidiaries for licensing of the trade mark/logo on a non exclusive basis against payment of royalty as a percentage of net turnover and the Company incurred expenditure on advertisement, brand identity, brand promotion and development exercise etc. related to all the companies under the Braj Binani Group, of which a ten percent share is being paid to the Promoters under an Agreement.

During the year under review, Company received Management Service fee from all its subsidiaries aggregating to Rs. 4,403.29 Lakhs, and Royalty for the use of Binani Logo aggregating to Rs. 9,525.53 Lakhs.

During the year under review, the Company acquired 3B Fibreglass Belgium and 3B Fibreglass Norway through its Wholly Owned Subsidiary, Glass Fibre Holding I Sarl, a Company incorporated in Luxembourg. The acquisition was financed by way of Term Loans from IDBI; Dubai Branch and Exim Bank at a cost of 275 mio Euros.

In order to consolidate its Glass Fibre business as well as to leverage on technology and product strength of 3B-Fibreglass, the Company sold 49% of its equity stake in Goa Glass Fibre Limited to Glass Fibre Holding I SARL.

The Company also sold its entire stake in Binani Ready Mix Concrete Limited to Binani Cement Limited.

The above sale of shares has resulted in gain of Rs. 3,626.70 Lakhs.

During the year, the Company earned a Net Profit of Rs. 1,368 Lakhs compared to Rs. 1,146 Lakhs in the previous years. Out of the profit of Rs. 1,368 Lakhs, Rs. 137 Lakhs has been transferred to General Reserve.



## 1.2 Future Prospects

### 1.2.1 Glass Fibre & Composite businesses

- With the integration of India Operations with Europe to leverage on synergies in marketing and the strong technology base of the European facilities, we look forward to optimizing the product portfolio to drive capacity growth in India. The Indian market for glass reinforcements is expected to maintain its healthy growth with increasing pace in the Wind Energy segment and sustained growth of the automotive sector.
- While the construction and E&E sectors in Europe are expected to record a 2% growth in 2012 and the automobile sector poised to contract marginally, the wind energy sector in Europe is expected to grow in double digits. The new range of products developed by the European SBUs for wind energy applications are expected to deliver well.
- With the projected availability of natural gas in Goa, the Company targets achieving significant reduction in energy costs which would enable the business to be more competitive.
- The US based composites producing subsidiary of the Company is looking forward to improved markets against the backdrop of the USA demonstrating signs of economic recovery. The Company's move towards integrating the Composite businesses in USA and India will help the Company focus better in this vertical.

### 1.2.2 Cement Business

#### Overseas

- The growth in cement consumption in China is expected to remain robust. With the new Clinkerisation Plant of Shandong Binani Rong'An Cement Co.Ltd. (SBRCC), which commenced operations in December 2011 now stable and operating at 90% capacity utilization with improved thermal efficiency following the successful commissioning of the new waste heat recovery system, the Company plans to keep pace with the demand by setting up a split-CGU to ramp up the cement output.
- The East African markets that have been tapped by the Company are expected to continue growing at a healthy pace fuelled by investments in Construction. As the Company's Grinding Unit in the UAE is ideally located to supply the East African markets, the Company targets a clinkerisation

facility in the Middle East either through organic or inorganic route, to feed this Grinding Unit.

#### India

- Inflationary pressures and weak Government finances are expected to adversely impact the growth of the infrastructure and housing sectors during the next Financial Year. Some recovery is expected in the latter half of the year with marginal softening of the interest rates. However, the Company believes that the long-term growth prospects of our economy are intact. The Company's growth agenda for this vertical includes continued efforts towards setting up Greenfield opportunities for Grey Cement in the western part of India.
- While energy and transportation costs are expected to continue on a higher trend and put pressure on a pricing in the near term, the Company firmly believes that the markets have the capacity to absorb cost increases in the long run. To mitigate the risks associated with energy cost and availability, the Company recognizes that investing in Captive Coal Assets is an important step. Efforts are on to identify and pursue investments in such assets from a long term perspective.
- Company has been allotted Nimbri lignite mine. A detailed techno-economic study is underway for an early exploitation of lignite.
- Binani Cement Limited is consciously improving its Pozzolana Portland Cement (PPC) share to capitalize on the perceived opportunities associated with Kyoto protocol and its CDM which can additionally bring financial benefits.
- With the acquisition of Ready Mix Concrete (RMC) business from the Company (BIL) the way forward is to leverage on the synergies and grow the business.

### 1.2.3 Zinc Business

- During the next fiscal year, the growth in domestic consumption of this metal is expected to weaken in line with the country's economic growth on account of inflationary pressures and reduced government spending. This however, is unlikely to affect the Company's output.
- The metal prices are expected to trend higher due to supply side constraints, but will witness increased volatility in the near term. This is expected to adversely impact raw material pricing in the near term.

- The long term prospects of this metal remain robust and the Company looks forward to growing this business through capacity expansions, increased focus on value-added products and strategic investments in the mining space and technology to fortify raw material security and business sustainability.

#### 1.2.4 Engineering & Project Construction business

The Company firmly believes that infrastructure will be a key driver of the country's economic growth. With a well established presence in the commodity space, a strong brand and a vast pool of talented, well trained and experienced work force, the Company looks forward to positioning itself as a strategic player in the EPC business through its recently established subsidiary BIL Infratech Ltd. The Company's move to employ modern construction methods backed by frontline technologies to be sourced through partnerships with leading overseas construction firms will aid the Company differentiate itself in this competitive space.

## 2. SUBSIDIARIES

We present below brief report on the Operations of the Company's major subsidiaries.

### 2.1. BINANI CEMENT LIMITED (BCL)

#### 2.1.1 Industry Overview

Cement demand growth has lagged GDP growth in past two years due to slowdown in real estate sector and lack of order inflows from infrastructure sector. Lower-than-expected demand coupled with incremental supplies has also resulted in declining capacity utilizations for the Companies. Sector has also witnessed continued cost pressures in terms of higher power, fuel and freight costs. However it is expected that Interest rates will soften in the coming months leading to higher demand from housing sector.

#### 2.1.2 Financial Performance

The financial performance for the year ended 31st March, 2012 is summarized below:

(Rs in Lakhs)

Particulars	2011-12	2010-11
Net Sales and other Income	2,05,668	1,74,335
Operating Costs	1,72,607	1,45,814
EBIDTA	31,810	28,521
Interest & Financial Charges	16,140	10,344
Cash Profit	15,670	18,177
Depreciation and Amortisation	10,355	9,950
Profit before Tax	5,315	8,227
Profit after Tax	4,840	9,051

#### 2.1.3 Review of Operations

The Company is continuing its efficient operating performance. During the year under review the Company has surpassed all its previous highest achievements.

The production of the cement has increased by 2.31% over 2010-11. The Company produced 55.84 Lakhs MT cement as compared to 54.58 Lakhs MT in 2010-11. During the year share of PPC increased to 40.27% of total cement production from 38.63% during 2010-11.

The sales of the cement has increased by 3.20% over the previous year sales. The Company sold 56.12 Lakhs MT of cement as against 54.38 Lakhs MT in the previous year.

Captive power generation (net) during the year under review was 3281.65 Lakhs KWh as against 3056.69 Lakhs KWh in 2010-11.

The Company's profitability could not match previous years performance in line with Industry trends, primarily because of increased cost of Fuel, Raw Materials, Power and logistics costs which the markets could not absorb fully. However, January 2012 onwards there is sign of improvement in prices resulting in improved bottom-line. Company has registered net profit (before tax) of Rs. 5,315 Lakhs as compared to Rs. 8,227 Lakhs during the year 2010-11.

#### 2.1.4 Internal Control System

The Company's internal control system provides high level of system based checks and controls commensurate with the nature and size of operations. Regular internal audits and checks ensure that responsibilities are executed efficiently. The Audit Committee of Board of Directors reviews the adequacy and effectiveness of internal control system and suggests improvement for strengthening them from time to time. The Company has a robust risk management policy in place. The internal audit report provides for a regular review of risk management.

#### 2.1.5 Opportunities/ Risks/ Threats/ Concerns

Demand for Cement in India is likely to see a recovery process and will touch levels of 6-8 percent in 2012. The increase in growth will be triggered by the government's drive to revive economic activity by initiating investment in infrastructure projects. A correction is foreseen in interest rates and improved regulation as regards land acquisition and environmental clearance leading to revival of several on-hold projects. Cement prices are likely to maintain an upward curve due to increasing production and ownership costs.

The Union Budget's focus on developing infrastructure and on affordable and rural housing should provide a boost to cement demand over the next few quarters.