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PROSPECTUS
100% Book Built Issue
Dated May 15, 2007

Binani

BINANI CEMENT LIMITED

(Originally incorporated as Dynasty Dealer Private Limited on January 15, 1996 under the Companies Act, 1956. The name of the Company was changed to Binani Cement Private Limited on April 23, 1998 and it was converted into a public limited company, bearing the name Binani Cement Limited on October 6, 1998)

Registered Office: 706 Om Tower, 32, Chowringhee Road, Kolkata – 700 071.
Tel: + 91 33 2288 2508/09; Fax: + 91 33 2288 2510
Corporate Office: Mercantile Chambers, 12 J.N.Heredia Marg, Ballard Estate, Mumbai – 400 001.
Tel: +91 22 2263 4951-53; Fax: +91 22 2263 4960
Website: www.binani.com; Email: bclipo@binani.net **Contact Person:** Mr. Atul Falgunia

PUBLIC OFFER OF 20,500,000 EQUITY SHARES OF RS. 10 EACH OF BINANI CEMENT LIMITED ("BCL" OR THE "COMPANY") THROUGH AN OFFER FOR SALE BY JPMORGAN SPECIAL SITUATIONS (MAURITIUS) LIMITED ("JPMSSM" OR THE "SELLING SHAREHOLDER"), FOR CASH AT A PRICE OF RS. 75 PER EQUITY SHARE AGGREGATING RS. 1,537.50 MILLION (THE "OFFER"). THE OFFER SHALL CONSTITUTE 10.09% OF THE POST OFFER PAID UP CAPITAL OF THE COMPANY.

OFFER PRICE: RS. 75 PER EQUITY SHARE OF FACE VALUE RS. 10 EACH

THE OFFER PRICE IS 7.5 TIMES THE FACE VALUE

In terms of Rule 19(2)(b) of the Securities Contracts Regulations Rules, 1957, this being an offer for less than 25% of the post-Offer capital, the Offer is being made through the 100% Book Building Process wherein at least 60% of the Offer will be allocated on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, up to 10% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. The Company has not opted for grading of this Offer.

RISK IN RELATION TO FIRST OFFER

This being the first offer of equity shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 each and the Offer Price is 7.5 times the face value. The Offer Price as determined by the Company in consultation with the Selling Shareholder and BRLM on the basis of assessment of market demand for the Equity Shares by way of the Book Building Process should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds on the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision on the Offer. For taking an investment decision, investors must rely on their own examination of the Company and the Offer including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page x of this Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries accept responsibility for and confirm that this Prospectus contains all information with regard to the Company and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING ARRANGEMENT

The Equity Shares offered through this Prospectus are proposed to be listed on the NSE and BSE. The Company has received in-principle approvals from the NSE and the BSE for the listing of the Company's Equity Shares pursuant to letters dated November 29, 2006 and December 1, 2006, respectively. NSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
ICICI Securities Primary Dealership Limited **ICICI SECURITIES PRIMARY DEALERSHIP LIMITED** ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai- 400 020 Tel.: +91 22 2288 2460 /70 Fax.: +91 22 2282 6580 E-mail: bcl_ipo@isecltd.com Website: www.icicisecurities.com Contact Person: Debasis Panigrahi	**BIGSHARE SERVICES PRIVATE LIMITED** E/2 Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072 Tel: + 91 22 2847 0652 Fax: + 91 22 2847 5207 Email: ipo@bigshareonline.com Website: www.bigshareonline.com Contact Person: Prakash Khare

OFFER PROGRAMME

BID / OFFER OPENED ON : MONDAY, MAY 7, 2007	**BID / OFFER CLOSED ON : THURSDAY, MAY 10, 2007**

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SECTION I- GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

Term	Description
"BCL" or "the Company"	Binani Cement Limited, a public limited company incorporated under the Companies Act
BIL	Binani Industries Limited, a company incorporated under the Companies Act and having its registered office at 706 Om Tower, 32, Chowringhee Road, Kolkata 700 071
BTCL	BT Composites Limited, a company incorporated under the Companies Act and having its registered office at 706 Om Tower, 32, Chowringhee Road, Kolkata 700 071
BZL	Binani Zinc Limited, a company incorporated under the Companies Act and having its registered office at 706 Om Tower, 32, Chowringhee Road, Kolkata 700 071
Binani Group	Binani Group comprises of BIL and its subsidiaries and associate companies.
Board/Board of Directors	The Board of Directors of the Company or a committee constituted thereof.
Business Plan	Means the business plan for the Company, as approved from time to time, prepared annually in respect of the forthcoming three year period setting out details of the Company's strategic planning in respect of customers (including market development and capacity growth), capital expenditure, financing, tax, competitors and contingency planning
Director(s)	Director(s) of the Company, from time to time, unless otherwise specified
GGFL	Goa Glass Fibre Limited, a company incorporated under the Companies Act and having its registered office at 706 Om Tower, 32, Chowringhee Road, Kolkata 700 071
GPHL	Ganesha Prime Holdings (Mauritius) Limited, a company incorporated under the laws of Mauritius and having its principal office at 608, St. James Court, St. Denis Street, Port Louis, Mauritius.
JPMSSM	JPMorgan Special Situations (Mauritius) Limited, a company incorporated under the laws of Mauritius and having its registered office at 10, Frere Felix de Valois Street, Port Louis, Mauritius.
MHL	Munga Holdings Limited, a company incorporated under the Companies Act, which was amalgamated with the Company in 2003 with effect from April 1, 2000
Promoter	The promoter of the Company namely BIL
Promoter Group Companies	Means Goa Glass Fibre Ltd, BT Composites Ltd, Wada Industrial Estate Limited, Binani Zinc Ltd (including its subsidiaries namely RBG Minerals Industries Ltd, Ess Vee Alloys Private Ltd, and Binani Mazak Private Ltd), Binani Metals Ltd, K.B.Vyapar Pvt Ltd, Triton Trading Company Pvt Ltd, Lexus Holdings and Finance Pvt Ltd, Suryamukhi Vintrade Pvt Ltd, ACE Portfolio and Finance Pvt Ltd, Asian Industry and Information Services Pvt Ltd, Manjushree Holdings Pvt Ltd, Vijayashree Holdings Pvt Ltd, Miracle Securties Pvt Ltd, Miracle Composites Pvt Ltd and Sambhaw Holdings Ltd.
WIEL	Wada Industrial Estate Limited (formerly known as Binani Lead Limited), a company incorporated under the Companies Act and having its registered office at 706 Om Tower, 32, Chowringhee Road, Kolkata 700 071

Offer Related Terms

Terms	Description
Allocation/Allotment/ Transfer	Unless the context otherwise requires, transfer of Equity Shares from the Selling Shareholder to the successful Bidders pursuant to this Offer
Article(s) of Association	Articles of Association of the Company as amended from time to time
Auditors	The statutory auditors of the Company viz. M/s Deloitte Haskins & Sells, Chartered Accountants and M/s Kanu Doshi Associates , Chartered Accountants.
Banker(s) to the Offer	ICICI Bank Limited and UTI Bank Limited
Bid	An indication to make an offer during the Bidding Period by a prospective investor to purchase the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Offer
Bid cum Application Form/ Bid Form	The form in terms of which the Bidder shall make an offer to purchase the Equity Shares and which will be considered as the application for transfer of the Equity Shares in terms of the Red Herring Prospectus
Bid Closing Date/ Offer Closing Date	The date after which the Syndicate will not accept any Bids for the Offer, which shall be notified in a widely circulated English national newspaper, a widely circulated Hindi national newspaper and a Bengali newspaper with wide circulation
Bid Opening Date/ Offer Opening Date	The date on which the Syndicate shall start accepting Bids, which shall be the date notified in a widely circulated English national newspaper, a widely circulated Hindi

Terms	Description
	national newspaper and a Bengali newspaper with wide circulation
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Offer is made
BRLM	Book Running Lead Manager to the Offer, in this case being ICICI Securities Primary Dealership Limited
BSE	Bombay Stock Exchange Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of Allocation sent to the Bidders who have been allocated Equity Shares after discovery of the Offer Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Offer Price will not be finalised and above which no Bids will be accepted.
Co-BRLM/CBRLM	Co-Book Running Lead Manager to the Offer, in this case being J. P. Morgan India Private Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Company Competitor	Means any person, firm, company, governmental authority, joint venture, association, partnership or other entity (whether or not having separate legal personality) carrying on business which competes with the business of the Company as stated in the main objects of its Memorandum of Association appearing in the section titled "History and Certain Corporate Matters" on page 67 of this Prospectus.
Corporate Office	The corporate office of the Company at Mercantile Chambers, 12 J N Heredia Marg, Ballard Estate, Mumbai - 400001.
Cap Price	The higher end of the Price Band, above which the Offer Price will not be finalized and above which no Bids will be accepted.
Cut-off Price	Any price within the Price Band finalized by the Company in consultation with the Selling Shareholder and the BRLM. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Offer Account after the Prospectus is filed with the RoC, following which the Allotment will be made to successful Bidders.
Designated Stock Exchange	NSE
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under this Offer and in relation to whom the Red Herring Prospectus constitutes an offer to sell or an invitation to subscribe to the Equity Shares Offered herein.
Equity Shares	Equity shares of the Company of Rs. 10 each, unless otherwise specified.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, the Selling Shareholder, the Registrar, the Escrow Collection Bank(s), the BRLM and CBRLM and the Syndicate Member for collection of the Bid Amounts and for remitting refunds (if any) to the Bidders of the amounts collected.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Bankers to the Offer, at which the Escrow Account will be opened, in this case being ICICI Bank Limited and UTI Bank Limited.
ESOS	Employee Stock Option Scheme means a scheme under which a company grants employee stock options under the SEBI(Employee Stock Option Scheme and Employee Stock Option Purchase Scheme) Guidelines, 1999, as amended from time to time
ESPS	Employee Stock Purchase Scheme means a scheme under which the company offers shares to employees as part of a public issue or otherwise under the SEBI(Employee Stock Option Scheme and Employee Stock Option Purchase Scheme) Guidelines, 1999 as amended from time to time.
FCNR Account	Foreign Currency Non Resident Account.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form

Terms	Description
Floor Price	The lower end of the Price Band, below which the Offer Price will not be finalized and below which no Bids will be accepted
FY/Financial Year/Fiscal	Means a period of 12 months ended March 31 of that particular year.
I-Sec	ICICI Securities Primary Dealership Limited, a company incorporated under the Companies Act and having its registered office at ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai 400 020
IBSL	ICICI Brokerage Services Limited, a company incorporated under the Companies Act and having its registered office at ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai 400 020
JPM	J.P.Morgan India Private Limited, a company incorporated under the Companies Act and having its registered office at Mafatlal Centre, 9th Floor, Nariman Point, Mumbai – 400021
Lenders	The lenders to the Company, being Industrial Development Bank of India Ltd., UTI Bank Ltd., J.P.Morgan Chase Bank N.A., Mumbai and Srei Infrastructure Finance Limited (now substituted by GE Capital Services India)
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Memorandum of Association/Memorandum	The Memorandum of Association of the Company as amended from time to time
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Funds Portion	The portion of the QIB Portion being 615,000 Equity Shares that is available for allocation only to Mutual Funds.
Non-Institutional Bidders	All Bidders that are neither Qualified Institutional Buyers nor Retail Individual Bidders and who have Bid for an amount more than Rs. 100,000
Non-Institutional Portion	The portion of the Offer being up to 2,050,000 Equity Shares available for allocation to Non-Institutional Bidders.
NRIs/ Non-Residents	Non-Resident Indian is a person resident outside India, who is a citizen of India or a person of India origin and shall have the same meaning as ascribed to such term under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000
NSE	National Stock Exchange of India Limited
Offer /Offer for Sale	This offer for sale of 20,500,000 Equity Shares by the Selling Shareholder for cash at a price of of Rs. 75 per Equity Share aggregating Rs. 1,537.50 million.
Offer/Offer for Sale Account	The accounts opened with the Bankers to the Offer to receive monies from the Escrow Account for the Offer on the Designated Date.
Offer Management Team	The team managing this Offer as set out in the chapter titled “General Information” on page 8 of this Prospectus.
Offer Price	The price, as determined by the Company in consultation with the Selling Shareholder and the BRLM, on the Pricing Date, at which the Equity Shares will be Transferred.
Offer Size	The amount raised through this Offer.
Pay-In-Date	The Bid/Offer Closing Date or the last date specified in the CAN sent to Bidders receiving Allocation, as applicable.
Pay-in-Period	Means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending upto the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less then 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending upto the closure of the Pay-in Date
Price Band	The price band with a minimum price of Rs. 75 per Equity Share (Floor Price) and the maximum price of Rs. 85 per Equity Share (Cap Price) (both inclusive), including any revisions thereof
Pricing Date	The date on which the Company, in consultation with the Selling Shareholder and the BRLM finalises the Offer Price
Prospectus	The Prospectus to be filed with the RoC after pricing containing, inter-alia, the Offer Price that is determined at the end of the Book Building Process, Offer Size and certain other information

Terms	Description
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors registered with SEBI, foreign venture capital investors registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	The portion of the Offer being not less than 12,300,000 Equity Shares at the Offer Price available for allocation to QIBs
Refund Instructions	Instructions given to the clearing system for refunds to the bank account of the Bidders through electronic transfer of funds in the disclosed manner and as specified / permitted by RBI and SEBI
Refund Account	An account opened with a Refund Banker from which refunds of the whole or part of the Bid Amount, if any, shall be made.
Refund Banker(s)	UTI Bank Limited
Registered Office	706 , Om Tower,32, Chowringhee Road, Kolkata – 700 071
Registrar/Registrar to the Offer	Bigshare Services Private Limited
Relevant Percentage	Means in respect of each of BIL and JPMSSM, the percentage of the total issued and paid up equity share capital of the Company respectively held by BIL and JPMSSM at the relevant time
Retail Individual Bidders	Individual Bidders (including HUFs applying through their Karta and NRIs) who have bid for Equity Shares for an amount less than or equal to Rs. 100,000, in any of the bidding options in the Offer.
Retail Portion	The portion of the Offer being up to 6,150,000 Equity Shares available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bids as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any
RHP or Red Herring Prospectus	The Red Herring Prospectus which was issued in accordance with Section 60B of the Companies Act, which did not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer and including any corrigendum thereof.
RPPC	Rajasthan Power Procurement Centre
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition and Takeover) Regulations, 1997, as amended from time to time.
Selling Shareholder	JPMorgan Special Situations (Mauritius) Limited or JPMSSM
Sirohi facility	Cement manufacturing facility of the Company situated at Pindwara, Sirohi District, State of Rajasthan
Stock Exchanges	NSE and BSE
Syndicate or members of the Syndicate	The BRLM, CBRLM and the Syndicate Member
Syndicate Agreement	The agreement dated February 28, 2007 entered into among the Company, the Selling Shareholder, the Registrar to the Offer and the members of the Syndicate, in relation to the collection of Bids in this Offer.
Syndicate Member	ICICI Brokerage Services Limited
Transfer	Unless the context otherwise requires, the transfer of Equity Shares pursuant to the Offer.
TRS or Transaction Registration Slip	The slip or document issued by the Members of the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLM, CBRLM and the Syndicate Member
Underwriting Agreement	The Agreement among the BRLM, CBRLM, Syndicate Member, the Company and the Selling Shareholder to be entered into on or after the Pricing Date

Conventional/General Terms

Term	Description
Air Act	The Air (Prevention and Control of Pollution) Act, 1981, as amended from time to time.
BIFR	Board for Industrial and Financial Reconstruction
CEGAT	Customs, Excise and Gold (Control) Appellate Tribunal
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
Commonwealth	An international association comprising the United Kingdom with states that were previously part of British Empire and Dependencies
Factories Act	The Factories Act, 1948, as amended from time to time.
FCNR Account	Foreign Currency Non-Resident Account.
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
Forest Act	The Forest (Conservation) Act, 1980, as amended from time to time.
Environment Protection Act/EPA	The Environment (Protection) Act, 1986, as amended from time to time.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
Industrial Policy	The Industrial Policy and guidelines thereunder issued by the Ministry of Commerce and Industry, Government of India, from time to time.
Mineral Rules	Mineral Concession Rules, 1960, as amended from time to time.
MMDR Act	Mines and Minerals (Development and Regulation) Act, 1957, as amended from time to time.
NCR	National Capital Region comprising of Noida, Ghaziabad, Faridabad and Gurgaon
Northern India	The region in north India comprising the Union Territory of Chandigarh and the States of Delhi, Haryana, Jammu and Kashmir, Punjab, Rajasthan, Himachal Pradesh, and Uttaranchal, as classified by the Cement Manufacturers' Association.
OCB	Overseas Corporate Body
Public Insurance Act	The Public Liability Insurance Act, 1991, as amended from time to time.
SEBI MAPIN Regulations	SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time.
Water Act	The Water (Prevention and Control of Pollution) Act, 1974, as amended from time to time.
Western India	The region in western India comprising the States of Gujarat and Maharashtra and Union Territories of Diu, Daman and Dadra Nagar and Haveli
U.S. GAAP	Generally accepted accounting principles in the United States of America
Venture Capital Funds	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time.
Wealth Act	The Wealth Tax Act, 1957, as amended from time to time.

Technical Glossary

Term	Description
Kcal	Kilo calories.
KVA	Kilo Volt Ampere
kWh	Kilowatt hours
MT	Metric Tonne
MTPA	Million Tons Per Annum
MPa	Mega Pascal
Mn	Million
MnT	Million Tons
MW	Mega Watt
OPC	Ordinary Portland Cement
Petcoke	Petroleum coke
PPC	Pozzolona Portland Cement
PSC	Portland Blast Furnace Slag Cement
TPD	Tons Per Day.
TPH	Tons Per Hour

Abbreviations

Term	Description
AGM	Annual General Meeting
ANFO	An explosive material consisting of ammonium nitrate and fuel oil
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BIS	Bureau of Indian Standards
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CE	Capital Employed
CIFB	Chief Inspector of Factories and Boilers
CIT	Commissioner of Income Tax
CIT (A)	Commissioner of Income Tax (Appeals)
CMA	Cement Manufacturers' Association
CRIS INFAC / Cris infac	Crisil Research and Information Services Limited
CST	Central Sales Tax
CTO	Commercial Taxes Officer
DEPB	Duty Entitlement Pass Book
ECS	Electronic Clearing Service
EPS	Earnings Per Share
ETO	Excise and Taxation Officer
EV	Enterprise Value
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor (as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time
FY	Financial Year
GIR	General Index Registry.
GoI	Government of India.
HSD	High Speed Diesel
HUF	Hindu Undivided Family
IBM	Indian Bureau of Mines
IDBI	Industrial Development Bank of India Limited
JdVVNL	Jodhpur Vidyut Vitaran Nigam Limited
KSEB	Kerala State Electricity Board
MoEF	Ministry of Environment and Forest, Government of India
MO	Market Organizers of the Company
NCAER	National Council for Applied Economic Research
NCCBM	National Council for Cement and Building Materials
NH	National Highway
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
p.a.	per annum
PAN	The permanent account number allotted under the I.T. Act.
PAT	Profit After Tax
PBIDTA / EBIDTA	Profit/Earnings – before interest, depreciation, taxes and amortization
P/E Ratio	Price/Earnings Ratio
PF	Provident Fund
RBI	Reserve Bank of India
RoC	The Registrar of Companies, West Bengal, located at Nizam Palace-II, MSO Building, 2nd Floor, 234/4 AJC Bose Road, Kolkata 700 029.
RoNW	Return on Net Worth
Rs.	Indian Rupees
RSPCB	Rajasthan State Pollution Control Board
SBI	State Bank of India
SCRR	Security Contract Regulation Rules
TIN	Taxpayers Identification Number
TRN	Turnover Tax Registration Number

Term	Description
VAT	Value Added Tax
VRN	VAT Registration Number

PRESENTATION OF FINANCIAL AND MARKET DATA

Unless stated otherwise, the financial data in this Prospectus is derived from the restated financial statements of the Company prepared in accordance with the SEBI Guidelines included in this Prospectus or the audited financial statements of the Company. The fiscal year of the Company commences on April 1 and ends on March 31 of the next year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding. All financial information and amounts contained in this Prospectus have been rounded up to the nearest units' digit.

Defined terms and the respective definitions are set forth in the section titled "Definitions and Abbreviations" on page ii of this Prospectus. In the section titled "Main Provisions of Articles of Association of Binani Cement Limited", defined terms have the meaning given to such terms in the Articles of Association of the Company.

Market and industry data used in this Prospectus has been obtained or derived from industry publications and sources. These publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured and accordingly, no investment decisions should be made based on such information. Although the Company believes that industry data used in this Prospectus is reliable, it has not been verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent sources.

Further, the extent to which the market and industry data presented in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the Company conducts its business, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

The Company has included statements in this Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the Company’s expectations with respect to, but not limited to, its ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

For further discussion of factors that could cause actual results to differ, please refer to the section titled “Risk Factors” beginning on page x of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor JPMSSM nor the members of the Offer Management Team, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, the BRLM and CBRLM will ensure that investors in India are informed of material developments pertaining to the Company or to the Offer until such time as the grant of listing and trading permission by the Stock Exchanges.

Use of Market Data

Market data used throughout this Prospectus was obtained from internal Company reports and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal company reports, while believed by it to be reliable, have not been verified by any independent source.

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. The investors should carefully consider all information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The investors should read this section in conjunction with the sections entitled " Business" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 44 and 145 respectively, of this Prospectus as well as other financial information contained in this Prospectus. If any of the following risks or any of the other risks and uncertainties discussed in this Prospectus actually occur, the Company's business, financial condition and future results of operations could suffer, the trading price of its Equity Shares could decline, and the investors may lose all or part of their investment.

Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implications of any of the risks mentioned hereunder.

Internal Risk Factors

1. There are audit qualifications in the accounts of the Company

There were certain qualifications in the Auditor's Report for the years ended March 31, 2002, 2003 and 2005 and the financial statements for these years did not give a true and fair view of the state of affairs of the Company, in case of the Balance Sheet for each of those years, of the profit as disclosed by the Profit and Loss Account for each of those years and the cash flows for the years ended March 31, 2003 and 2005. Therefore, the Auditor's Report on the financial statements for the years ended March 31, 2001, 2004 and 2006 and for the nine month period ended December 31, 2006 were accordingly modified.

The details of the qualifications in the Auditor's Report for the financial years ended March 31, 2002, 2003 and 2005 and their impact on the profitability on the Company and the Company's remarks for the same are as follows:

Financial Year 2005

Auditor's Qualification	**Impact on Profitability of the Company (Rs. million)**
Non provision of interest on loans given by IDBI to the Company	(136.1)
Interest on transfer of loan from Industrial Investment Bank of India from BIL to the Company (net impact)	7.8
Arrears of dividend payable to holders of Cumulative Redeemable Preference Shares of the Company	Not quantified
Dimunition in investments of the Company	Not quantified
Failure to obtain prior approval of the financial institutions for loans given by the Company to BIL	Not quantified

Financial Year 2003

Auditor's Qualification	**Impact on Profitability of the Company (Rs. million)**
Overdue liquidated damages of the Company	(79.9)
Dimunition in investments of the Company	Not quantified
Violation of section 274 (1)(g) of the Companies Act, 1956 for non payment of interest on/repaymnent of Non Convertible Debentures	Not quantified

Financial Year 2002

Auditor's Qualification	**Impact on Profitability of the Company (Rs. million)**
Overdue liquidated damages of the Company	(68.8)
Actuarial valuation of gratuity to be provided	Not quantified
Dimunition in investments of the Company	Not quantified
Violation of section 274 (1)(g) of the Companies Act, 1956 for non payment of interest on/repayment of Non Convertible Debentures	Not quantified

For further details in relation to the adjustments to the financial statements as a result of the audit qualifications, please refer to Annexure V of the section titled "Financial Statements" on page 118 of this Prospectus.

2. **In its order dated November 2, 2006, SEBI has directed the Company to be careful in future in ensuring timely compliance of the listing requirements and other ancillary filing requirements and has stated that any violations in the future shall be viewed seriously by it.**

SEBI had issued a show cause notice to the Company on August 16, 2004 under Section 11(4) of the SEBI Act, in relation to the alleged price manipulation and trading in the shares of MHL during the period January 2001 to August 2001 by MHL, its promoters and related entities and the non- compliance with the listing requirements of the Delhi Stock Exchange. The shares of MHL were listed on the Delhi Stock Exchange and while the amalgamation of MHL with the Company (given effect to from April 1, 2000) was approved by the High Court of Calcutta on December 11, 2000, due to delay in procurement of lender approvals and other formalities, the amalgamation was completed only in April 2003. The show cause notice was issued to the Company on the basis that as per the scheme of amalgamation, all proceedings pending against MHL shall be continued against its successor entity, the Company.

Subsequent to a hearing held on May 4, 2006, SEBI has issued an order on November 2, 2006 holding the Company liable in relation to non – compliance by MHL and its successor, the Company, with the listing requirements of the Delhi Stock Exchange and violation of Regulation 8(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. However, SEBI has not found any concrete evidence to establish price manipulation in the shares of MHL. SEBI has, in its order dated November 2, 2006, directed the Company to be careful in future in ensuring timely compliance of the listing requirements and other ancilliary filing requirements as required by law. SEBI has stated that any violations in the future will be viewed very seriously by it.

None of the Directors of the Company were on the board of directors of MHL and vice versa.

3. **The Company is involved in certain legal proceedings which, if determined against the Company, could have a material adverse effect on future financial conditions of the Company.**

About 32 cases have been filed against the Company in relation to criminal case, civil matters, sales tax, service tax, customs and excise matters, labour disputes. In one of the cases, the Government of Rajasthan has approached the Supreme Court of India and has challenged the order of the High Court of Rajasthan allowing the Company to avail itself of 75% sales tax exemption on the sales of cement and clinker under the Sales Tax Incentive Scheme, 1989 introduced by the Government of Rajasthan. The Government of Rajasthan has claimed Rs. 1,332.7 million as sales tax. The case is pending before the Supreme Court. The Company is not availing this exemption from April 1, 2006 as the State of Rajasthan has now moved to a VAT regime.

For further details please refer to the section titled "Outstanding Litigation and Material Development" on page 168 of this Prospectus.

4. **The Company has certain contingent liabilities and its profitability could be adversely affected if any of these contingent liabilities crystallize.**

As of December 31, 2006, contingent liabilities, not provided for, appearing in the Company's financial statements aggregated Rs.3,260 million. These included liabilities on account of the following:

Particulars	Amount (in Rs. million)
Letters of credit opened by banks on behalf of the Company	720.31
Sales tax claimed by the Government of Rajasthan	1,332.72
Payment of customs duty in relation to import of fuel	5.96
Excise duty claims	9.74
Customs duty claims	3.06
Sales tax claims	8.09
Entry tax claimed by Government of Uttar Pradesh	1.66
Guarantees given by banks	19.36
Income tax demands	86.25
Differential insurance premium demanded	23.46
Claims against the Company not acknowledged as debts	3.77
Tax on land vide public notice under section 40 of the Rajasthan Finance Act,	9.57

Particulars	Amount (in Rs. million)
2006	

If any of these contingent liabilities materialize, the financial condition or profitability of the Company may be adversely affected**.** For further details please refer to the section titled "Financial Statements" beginning on page 103 of the Prospectus.

5. **The Company could face difficulties in accessing funds from the debt market due to past defaults and losses incurred by BIL.**

BIL has incurred losses of Rs. 449 million, Rs. 411 million and Rs. 404 million in fiscal 2005, fiscal 2004 and fiscal 2003 respectively. In 2003 and 2004, BIL underwent credit restructuring under the CDR mechanism devised by RBI. Under the recent restructuring package granted to BIL, most of its debts have been transferred to its operating subsidiaries including the Company. The CDR forum on October 31, 2006, has allowed BIL and BZL (which was hived off from BIL in 2003 pursuant to the restructuring package) to exit from the CDR mechanism subject to them meeting the claims of Bank of Baroda and Punjab National Bank (the "Working Capital Lenders") towards 'right of recompense' and 'interest overdue', respectively. The Working Capital Lenders through their letters dated November 24, 2006 and April 3, 2007 have informed the CDR forum that there are no dues that remain outstanding on part of BIL and BZL.

The Company, being a subsidiary of BIL, could be adversely affected in its effort to raise debt, due to the corporate debt restructuring of BIL. Any inability on the part of the Company to raise debt may adversely its business and results of operations. For further details please refer to the section titled "Financial Statements" beginning on page 103 of the Prospectus.

6. **Some of the Promoter Group Companies have incurred losses in the recent past and BTCL, a wholly owned subsidiary of BIL, has been admitted under BIFR.**

Particulars of the (losses) incurred by the Promoter / Promoter Group Companies during the last three financial years are given below:

Rs. In Million

	For the year ended March 31,		
	2006	**2005**	**2004**
Ess Vee Alloys Pvt. Ltd	0.3	(0.8)	(0.3)
Goa Glass Fibre Limited	5	13	(56)
BT Composites Limited	(79)	(20)	(33)
Wada Industrial Estate Limited	(27.4)	(1.7)	(3.4)
Triton Trading Company Pvt. Ltd.	(1.5)	(0.3)	(0.8)
Lexus Holdings and Finance Pvt. Ltd.	0.2	0.8	(21)
Suryamukhi Vintrade Pvt. Ltd.	(4)	(8)	(0)
Ace Portfolio and Finance Pvt. Limited	0.3	1	(16)
Manjushree Holdings Pvt. Ltd.	(3)	2	(0.5)
Vijayshree Holdings Pvt. Ltd.	0.3	2	(13)
Miracle Securities Pvt. Ltd.	0.07	0.0	(0.06)
Miracle Composites Pvt. Ltd	(0.3)	(0.3)	(0.3)
Sambhaw Holdings Limited	(1.3)	(1.4)	(1.4)

Further BTCL has been declared sick by BIFR. BTCL has already cleared the entire liability with its sole lender under one time settlement and sought the permission of the BIFR to exit from its mechanism.

7. **The Company's inability to realise outstanding amounts due to it from its Promoters could adversely impact its financial condition, liquidity and results of operations**.

*BIL underwent a corporate debt restructuring (CDR) in 2004. In terms of the CDR package sanctioned by the Industrial Development Bank of India (IDBI) and Industrial Investment Bank of India (IIBI) and all the concerned banks, part of the dues payable by BIL to IDBI and IIBI were transferred to the Company. Consequently, BIL was given an unsecured loan amounting to Rs. 1,100 million by the Company by means of a book entry in the books of the Company by debiting BIL and crediting IDBI and IIBI. The transfer of loan from BIL to the Company has been documented by a 'transfer of loan' agreement between IDBI, BIL and the Company. The loan carries an interest rate of 6% per annum which is the minimum prescribed rate under section 372A of the Companies Act. BIL has repaid a part of the outstanding loan and interest such that the amount outstanding as on March 31, 2007 is Rs. 765 million. The loan given by IIBI to BIL, which was subsequently transferred to the Company, has been repaid in full.

BIL's inability to repay the oustanding amount to the Company could affect the financial condition, liquidity and results of the operations of the Company.

8. The shareholders of BIL have approved a share swap scheme

The shareholders of BIL, at the meeting convened by the High Court of Calcutta, have approved a share swap scheme through which the shareholders of BIL will have an option to receive equity shares of the Company and BZL while their shareholding in BIL will stand cancelled and they will cease to be the shareholders of BIL. The share swap scheme envisages a swap of up to 50% of the issued share capital of BIL held by its members for the equity shares of the Company and BZL. The share swap ratio has been fixed at 25 Equity Shares of the Company and 25 fully paid up equity shares of BZL of Rs. 10 each in exchange for 20 fully paid up equity shares of BIL.The share swap scheme has been approved by the BSE and CSE and the High Court of Calcutta, vide its order dated November 28, 2006 and its final order approving the share swap scheme is awaited. In the event that all the shareholders of BIL opt to receive Equity Shares of the Company, upto 18,497,765 Equity Shares of the Company presently held by BIL may be transferred to its shareholders. The share swap scheme will be implemented in accordance with all applicable rules and regulations and when the Equity Shares are free from lock-in. Please refer to the paragraph 'Swap Scheme of BIL' under the section titled 'Capital Structure' on page 14 of this Prospectus.

9. The current profit levels of the Company may not be sustainable in the long run

The Company's net profits for fiscal 2006 was Rs. 518 million as compared to Rs. 21 million in fiscal 2005, representing an increase of 2,367%. The increase in profits was on account of a reduction in the interest payments and higher operational efficiencies. The interest costs decreased in fiscal 2006 due to the Company refinancing its debt obligations and reducing its interest payments. Such interest costs may not reduce at regular intervals in the future or may not reduce at all. The Company's profits have not increased by such levels in previous years as they have for fiscal 2006 and the Company cannot provide any assurance that such profit levels will be sustainable in the long run. Any reduction in the profitability or the profit levels of the Company may have an adverse impact on its business, financial condition and results of operations.

10. The Northern and Western India cement markets are highly competitive.

The Company's primary markets are the north Indian states of Rajasthan, Delhi, Haryana and Punjab and Western State of Gujarat. The international players, notably, Holcim, Lafarge, and Italcementi, over a period of time, have acquired certain local interests as part of their entry strategy into India. Holcim has acquired control of Associated Cement Co. Limited and Gujarat Ambuja Cements Limited. The Indian company, Grasim Industries Limited has also consolidated its position by acquiring Ultratech Cement. As consolidation may continue in the industry, entities with greater financial strength and geographical presence may be able to influence the competitive scenario of the Indian cement industry and more particularly the price of cement. As at March 31, 2006, the eight largest cement companies accounted for 60% of the total production capacity of cement in the country.

Some of the competitors are larger than the Company and have greater financial resources than the Company, and may be able to deliver products on more attractive terms or may be able to invest larger amounts of capital into their business, including greater expenditure for better and more efficient production capabilities. These competitors may limit the opportunity of the Company to expand its' market share and may compete with it on pricing of products. The business, financial condition and prospects of the Company could be adversely affected if it is unable to compete with its competitors and sell cement at competitive prices.

11. The Company's business is dependent upon its ability to mine sufficient limestone for its operations.

One of the key ingredients in the manufacture of cement is limestone. The ability of the Company to manufacture and produce cement is dependent on its ability to procure limestone in a cost effective and efficient manner. The Company procures all of its limestone requirements from two mines located in close proximity to the Sirohi facility. The Company's mining rights are subject to compliance with certain conditions, and the Central Government and State Governments have the power to take action with respect to mining rights, including imposing fines or restrictions, revoking the mining rights or changing the amount of royalty payable by the Company for mining the quarries. In October 2004, limestone-mining royalty was increased by the State Government from Rs.40 per tonne to Rs.46 per tonne. There can be no assurance that in the future mining royalties will not be increased further.

If the Company's mining rights are revoked or not renewed upon expiration, or significant restrictions on the usage of the rights are imposed or applicable environmental standards are substantially increased or royalties are increased to significantly higher levels, its ability to operate the plants adjacent to the affected mining sites could be disrupted until alternative limestone sources are located, which could materially and adversely affect its financial condition and future results of operations.

As per the report of Holtec Consulting, the limestone reserves of the Company are up to 195 million tonnes as on April 1, 2005. Unless the Company conducts successful mining activities in order to extract additional limestone from its existing reserves or acquires additional limestone reserves, the Company's current limestone reserves will decline over time as existing reserves are utilized for production of cement. The Company's future production and increase in production of cement will be highly dependent upon its success in acquiring additional reserves in a timely and cost-effective manner. If the Company is unsuccessful in doing so, the Company's current limestone reserves and production of cement will decline, which will adversely affect the Company's business, results of operations and financial condition.

12. The proven reserves of limestone at the Company's mines are only estimates by independent consultants and the Company's actual production or realization may differ from these estimates.

The limestone reserve data given in this Prospectus are only estimates by an independent consultant, Holtec Consulting and the Company's actual production and expenditure with respect to its reserves may differ from such estimates. There are numerous uncertainties inherent in estimating quantities of reserves, including many factors beyond the control of the Company.

In general, estimates of reserves by independent consultants or by the Company, including estimates of reserves set forth in this Prospectus, are based upon a number of variable factors and assumptions, such as geological and geophysical characteristics of the reserves, historical production performance from the properties, the quality and quantity of technical and economic data, extensive engineering judgments, the assumed effects of regulation by GoI agencies and future operating costs. All such estimates involve uncertainties, and classifications of reserves are only attempts to define the degree of likelihood that the reserves will result in revenue for the Company. Many of the factors, assumptions and variables involved in estimating reserves are based on data that is currently available and are subject to variations over time. For these reasons, estimates of the economically recoverable reserves attributable to any particular group of properties and classification of such reserves based on risk of recovery, prepared by different engineers or by the same engineers at different times, may vary substantially. In addition, such estimates can be and will be subsequently revised as additional pertinent data becomes available prompting revision. Any downward revision of the reserves could lead to lower future production and thus adversely affect our financial conditions, future prospects and results of operations. While these estimates are based on detailed studies conducted by independent experts, there can be no assurance that these estimates would not be materially different from estimates prepared by other experts in accordance with different internationally recognized methods / norms.

13. The business and future results of operations of the Company and future expansion plans may be adversely affected if it is not able to put up captive power facility as envisaged.

The cement industry is an energy intensive industry where energy cost is almost 25-30% of the total expenditure**.** Dedicated and low cost supply of electricity is one of the most critical factors in cement manufacturing. The Company's captive power plant met 73% of the power requirements of the Company in fiscal 2006, while the balance was drawn from the grid, supplied by JdVVNL.

The Company plans to set up a new captive power plant having a capacity of 44.6 MW in order to take care of its future electricity needs and to meet the increased capacity of its manufacturing facility. The Company's plans relating to the establishment of the captive power plant are subject to various potential problems and uncertainties, including delays in implemention, cost approvals and lack or delay in obtaining regulatory approvals. Further, the proposed captive power plant may not achieve the power generation that the Company expects it to achieve. Any failure to achieve the objectives of the new captive power plant may adversely affect the business and financial performance of the Company.

14. The business and future results of operations of the Company may be adversely affected if it is not able to implement the expansion of its manufacturing capacity.

The Company is in the process of doubling its existing production capacity at its Sirohi facility by incurring significant capital expenditure. The Company's expansion plans involve risks and difficulties, many of which are beyond its control and accordingly there can be no assurance that the Company will be able to complete its plans on schedule or without incurring additional expenditures or at all. The Company's success will depend on, among other things, its ability to assess potential markets, time its capital investments, control input costs, attract new customers in India and maintain and enhance its position with its current customers in India, maintain sufficient operational and financial controls and successfully integrate the new facilities with the existing facilities. There can be no assurance that the Company's expansion plans will result in it achieving the production levels that it expects to, or that it will be able to, achieve the targeted return on investment on the expansion plans.

The Company's future results of operations may be adversely affected if it is unable to implement its growth strategies successfully.

15. The operations of the Company depend upon continued and uninterrupted supply of coal, Petcoke, lignite and other raw materials, the supply and cost of which can be subject to significant variation due to factors beyond the control of the Company.

The Company currently relies on a number of domestic suppliers to provide certain raw materials, including gypsum and additives such as silica sand and iron ore for its cement operations. It is also dependent on various domestic / foreign suppliers for the supply of coal, lignite and Petcoke. If the Company is not able to obtain adequate supplies of raw materials or fuel in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these supplies, the business and future results of operations of the Company may be materially and adversely impacted.

16. The Company depends on its distribution network for the sale of its products.

The Company's products are currently marketed through a widespread distribution network comprising 1,839 dealers and 42 market organizers who in turn sell the products to end users such as contractors, retailers, and the like. The Company does not market its products directly to institutions as this is a less profitable segment. Since the dealers have a day-to-day contact with customers, the Company is exposed to the risk of its dealers failing to adhere to the standards set for them in respect of sales and after-sales service, which in turn could affect customer's perception of the Company's brand and products. If the competitors of the Company offer better commercial terms to the dealers, they may switch to selling the products of the competitors.

17. The operations of the Company are subject to manufacturing risk and may be disrupted by failure in the facilities.

The Company's manufacturing operations could be disrupted for reasons beyond its control. These disruptions may include extreme weather conditions, fire, natural catastrophes or raw material supply disruptions. In addition, there is a risk that production difficulties such as capacity constraints, mechanical and systems failures, construction/upgrade delays or delays in the delivery of machinery may occur, causing suspension of production and reduced output. Any significant manufacturing disruption could adversely affect the ability of the Company to make and sell products, which could have a material adverse effect on its business, financial condition and future results of operations.

In addition, due to the nature of its business and despite compliance with requisite safety requirements and standards, the operations of the Company are subject to operating risks associated with cement manufacturing. These hazards include storage tank leaks and ruptures, explosions, discharges or releases of hazardous substances, manual handling, exposure to dust and the operation of mobile equipment and manufacturing machinery. The Company is also engaged in mining operations for limestone and is subject to risks associated with mining, including fires, explosions and other accidents at the mine site. These operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties. The occurrence of any of these events could have a material adverse effect on the productivity and profitability of the Sirohi facility and on the business, financial condition and future results of operations of the Company.

Inability to utilize the Company's manufacturing capacities to optimum levels or streamline its production planning and procurement processes will adversely impact its future results of operation.

18. Any disruptions in supply and/or transport could affect the business of the Company.

The production of cement is dependent on a steady supply of various inputs. These inputs are transported to the Sirohi facility by rail, land and sea transport. Further, the Company relies on land and rail transport links for the transportation of cement to customers. Transport of inputs and finished products of the Company is subject to various bottlenecks and other hazards beyond its control including poor road and other transport infrastructure, accidents, adverse weather conditions, strikes and civil unrest. Either an increase in the price of transportation or interruptions in transportation of the inputs or finished products could have an adverse effect on the business, financial condition or future results of operations of the Company. Further, the unavailability of road transport or rail transport due to limited availability or due to extraneous factors like strikes may adversely impact the Company's production and sales.

In addition, cement is a perishable product as its quality deteriorates upon contact with moisture over a period of time. Therefore, prolonged storage or exposure to moisture during transport may result in such cement stocks being written off. Similarly, cement is sold in bags, such bags may split open during transport, again resulting in such stock being written off. Any such occurrences may adversely affect the business and financial condition of the Company.

19. The future results of operations of the Company could be adversely affected by strikes, work stoppages or increased wage demands by its employees or its inability to attract and retain skilled personnel.

As of March 31, 2007, the Company had 579 full-time employees, of which 104 employees were employed at the Corporate Office of the Company and Marketing offices of the Company, and 475 employees were employed at its Sirohi facility.

Most of the workers of the Company are represented by labour unions. While it considers the current labour relations to be good, there can be no assurance that the Company will not experience future disruptions to its operations due to disputes or other problems with its work force, which could adversely affect its business and future results of operations.

The Company employs sizeable contract labourers at its Sirohi facility. The numbers of contract labourers vary from time to time based on the nature and extent of work contracted to independent contractors. All contract labourers engaged at its Sirohi facility are assured minimum wages that are fixed by the State Government from time to time. Any upward revision of wages that may be required by the State Government to be paid to such contract labourers, or offer of permanent employment or the unavailability of the required number of contract labourers, may adversely effect the business and future results of the Company's operations.

The Company's ability to meet future business challenges depends on its ability to attract and recruit talented and skilled personnel. It faces strong competition to recruit and retain skilled and professionally qualified staff. The loss of key personnel or inability to manage the attrition levels in different employee categories may materially and adversely impact business, the Company's ability to grow and its control over various business functions.

20. The operations are subject to risks which could expose the Company to material liabilities, loss in revenues and increased expenses.

The operations of the Company are subject to various risks associated with the production of cement. These hazards can cause injury and/or loss of life, severe damage to, and destruction of, property and equipment, and environmental damage, and may result in the suspension of operations and the imposition of civil and criminal liabilities on the Company.

Employees, members of the public or Government authorities may bring claims against the Company arising out of its production processes. Any liability incurred as a result of such events has the potential to materially impact its business, financial condition and future results of operations. Such events may also adversely affect the public perception of the Company's business and the perception of its suppliers, customers and employees, leading to an adverse effect on its business. The business operations of the Company are subject, interalia, to risks such as fire, theft, flood, earthquakes and terrorism.

21. Non renewal of the statutory and regulatory permits and approvals required to operate its business may have a material adverse effect on its business.

The Company presently has obtained all applicable statutory and regulatory permits, licenses and approvals to operate its business. In the future, it will be required to renew such permits, licenses and approvals, and obtain new permits, licenses and approvals for any proposed new operations. While the Company believes that it will be able to renew or obtain such permits, licenses and approvals as and when required, there can be no assurance that the relevant authorities will issue or renew any of such permits, licenses or approvals in the time-frame anticipated by it or at all. Such non-issuance or non-renewal may result in the interruption of its operations and may have a material adverse effect on its business, financial condition and future results of operations.

22. The "Binani" trademark and logo belongs to BIL and BIL's refusal to allow the Company to use the same would adversely affect its business.

The Company and BIL have entered into a Trademark Licence Agreement dated September 23, 2005, and a supplemental agreement dated March 6, 2006 for a non exclusive and non transferable licence and permission granted by BIL to the Company to use its registered trademark "Binani". This Agreement shall be valid and subsisting as long as BIL has control over the affairs of the Company. No royalty, fee, commission or other fee is payable by the Company to BIL in terms of the agreement. However, upon BIL ceasing to hold 50.01% or JPMSSM ceasing to hold 10% of the issued and paid up equity share capital of the Company, BIL shall be entitled to charge the Company up to 1% of the net annual sales of the Company as royalty / fee / commission or other remuneration so long as BIL has control over the affairs of the Company.

If the license is not thereafter granted / renewed by BIL in favour of the Company after it loses its control over the Company, it would not be able to use the "Binani" trademark and logo and such cessation would affect its business.

23. The Company's future strategic acquisitions or investments may prove to be difficult to integrate and manage or may not be successful.

In the future, the Company may consider making strategic acquisitions of other cement companies whose resources, capabilities and strategies are complementary to and are likely to enhance its business operations in the different geographical regions that it operates in.

If the Company acquires another company it could face difficulty in integrating the acquired operations, which could disrupt its ongoing business, distract its management and employees and increase its expenses. There can be no assurance that the Company will be able to achieve the strategic purpose of such acquisition or operational integration or its targeted return on investment.

24. One of the directors of the Company is a director of BPL Limited, which was declared as a willful defaulter

Mr. S. Padmakumar, an independent director of the Company, is also an independent director of BPL Limited ("BPL"), which was earlier declared as a willful defaulter. Mr. Padmakumar was a director of BPL at the time of such default. BPL is not a defaulter at present.

25. There are certain legal proceedings against the Promoter and Promoter Group Companies.

The Promoter and Promoter Group Companies are defendants in various legal proceedings and these legal proceedings are pending at different levels of adjudication before various courts and tribunals. While the Company is not a party to any of the proceedings against the Promoter and the Promoter Group Companies, no assurances can be given that if any of these proceedings are adversely determined against the Promoter / Promoter Group Companies the financial condition and the future results of operations of the Company will not be materially affected.

For further details please refer to the section titled "Outstanding Litigation and Material Development" on page 168 of this Prospectus.

26. The Company may not have adequate insurance to cover any and all losses incurred in its business operations.

The business operations of the Company could result in personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks including fire, theft, flood, earthquakes and terrorism. Although the Company implements safety measures to reduce the risk of fire and thefts, it cannot eliminate these risks completely. It maintains insurance coverage in such amounts and against such risks, which it believes, are in accordance with industry practice.

However, such insurance may not be adequate to cover all conceivable losses or liabilities that may arise from operations, and the Company may, in the future, not be able to maintain insurance of the types or at levels which it deems necessary or adequate or at rates which it considers reasonable. The Company does not maintain insurance coverage in respect of product liability. Accordingly, any material product liability claim may have a material adverse effect on its business, financial condition and future results of operations. It may also incur liability claims in excess of its insurance coverage or which are subject to substantial deductibles, or it may incur uninsured liability costs. In addition, insurance proceeds may not be adequate to completely cover the substantial liabilities, lost revenues or increased expenses that the Company may incur. Moreover, any claims made under the policies are likely to cause the premiums to increase, and the Company may not be able to maintain adequate insurance coverage levels in the future.

27. There were deviations in the performance vis-à-vis promise made by the Company's promoter, Binani Industries Limited in its initial public offering

The Company's promoter, Binani Industries Limited made an initial public offering of 10 million equity shares of face value Rs. 10 each in 1995. The issue price was Rs. 230 per equity share. The object of the issue was to implement the glass fibre and cement plant projects.

Financial projections in relation to BIL were made at the time of the issue by ICICI Limited. BIL did not achieve the projected financial results, including those in relation to its total income and profit after tax, for fiscal 1996, 1997 and 1998. For further details in relation to the shortfall in the actual performance vis-a-vis the projections, please see section titled "Promoter – Details of previous public/rights issues made by BIL" on page 85 of this Prospectus.

28. The Company does not own any of its office space and shares it with the Promoter and its subsidiaries

The Company has entered into an Agreement dated September 23, 2005 with BIL ("Agreement") for the usage of the Common Office Facilities (as defined therein) so long as BIL holds 50.1% of the issued and paid up equity share capital of the Company. Pursuant to the Agreement approximately 60% (based on the turnover of the group companies) of the aggregate of the expenses incurred by BIL in respect of the Common Office Facilities are being presently debited to the Company.

Upon the shareholding of BIL in the Company falling below the aforesaid 50.1% threshold and the arrangement envisaged in the Agreement not being continued, the Company would require making arrangements for new offices and other infrastructure for its business operations, which will result in increased cost of operations.

29. The financial condition and profitability of the Company are subject to foreign exchange rates fluctuation.

A significant portion of the Company's expenses are incurred on import of coal in U.S. Dollars and other foreign currencies. While depreciation of the rupee against the U.S. Dollar and other foreign currencies increases the rupee value of such imports, an appreciation of the rupee particularly with respect to the U.S. Dollar, decreases the rupee value of such imports. An adverse change in currency exchange rates will increase the cost of the Company's imports.

External Risk Factors:

1. The Indian Cement Industry is cyclical and affected by a number of factors, which are beyond the control of the Company.

The Indian cement industry is cyclical in nature. In recent years, cement prices and profitability of cement manufacturers have fluctuated significantly in India, depending upon overall supply and demand. A number of factors influence supply and demand for cement, including production, overcapacity, general economic conditions, in particular, activity levels in certain key sectors such as housing and construction, Company competitors' actions and local, State and Central Government policies, which in turn affect the prices and margins the Company and other Indian cement manufacturers can realize.

2. Slowdown/ deceleration of the Indian economy and in particular Northern India.

Due to the significant impact of transportation costs on overall costs, cement manufacturing and sale in India is largely regional in nature. The production facilities of the Company are located at Sirohi in the State of Rajasthan in Northern India, and it sells most of its cement to customers in Northern India. Economic conditions and the level of growth in Northern India therefore have a direct impact on its business and results of operations, including the level of demand and the prices for its products and the availability and prices of transport and raw materials.

The level of general economic activity in India and, more specifically, the strength of the Northern Indian housing and construction sectors, have a direct impact on demand for the Company's product. The level of economic activity is influenced by a number of factors, including national and international economic activity, political and regulatory policy, and climatic conditions such as monsoons and drought. There can be no assurance that such growth will continue at the same pace or at all, or that levels of cement consumption in North India and the State of Gujarat that the Company primarily supplies to will not decrease. If the pace of growth of the Indian economy slows or turns negative, the business, financial condition and future results of operations of the Company would be materially and adversely affected.

3. The cement business is seasonal in nature

The sale of cement is adversely affected by difficult working conditions during monsoon which restrict construction activities. Accordingly, revenues recorded in the first half of the financial year between April and September are traditionally lower, compared to revenues recorded during the second half of the financial year. During periods of curtailed construction activity due to adverse weather conditions, the Company may continue to incur operating expenses, but its revenues from sale of its products may be delayed or reduced.

4. **The Indian Cement Industry is fragmented which may result in decline in cement prices**

Currently, the cement industry in India is highly fragmented as compared to those in other cement producing countries. Though the share of cement production of the top eight cement companies in India has risen to 60% in the year ended March 31, 2006 there are still over 45 different cement companies in India which have less than 2 million tonnes cement capacity. The Company is subject to competition from numerous regional competitors. Such producers have in the past tried to gain a market share by discounting their prices, putting pressure on the Company and other leading cement companies to lower prices as well, so as to maintain their respective market shares.

5. **Taxes and other levies imposed by the GoI or State Governments relating to the Company's business may have a material adverse effect on the demand of its products**

Taxes and other levies imposed by the Central or State Governments that affect the industry include:

- customs duties on imports of raw material and components
- excise duty on certain raw material and final product
- Central and State sales tax / value added tax

These taxes and levies affect the cost of production of cement. An increase in any of these taxes or levies, or the imposition of new taxes or levies in future, may have a material adverse impact on the business, profitability and financial condition of the Company.

6. **The cement industry is subject to various environmental and other regulations. Any significant change in the regulations may result in additional cost and reduction in profitability.**

The Company's cement operations are subject to various Central and State environmental laws and regulations relating to the control of pollution in the locations where it operates. In particular, the discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to liabilities to the Central Government and State Governments and third parties, and may result in incurring costs to remedy such discharge or emissions, such as from the use of coal. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of production or a material increase in the costs of production or otherwise have a material adverse effect on the financial condition of the Company and future results of operations. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities on the Company or result in the need for additional investment in pollution control equipment, either of which could affect its business, financial condition or future prospects.

7. **Any further issuance of equity shares by the Company or sale of its equity shares by its significant shareholders may adversely affect the trading price of the Equity Shares.**

Any future issuance of equity shares by the Company or sale of its equity shares by its shareholders, or any future issuance of convertible securities by the Company, may significantly affect the trading price of its equity shares. Such issuances of equity shares and convertible securities may dilute the position of investors in the Equity Shares and could adversely affect the market price of the Equity Shares.

All other remaining equity shares of the Company that are outstanding prior to the Offer will be locked up for a period of one to three years from the date of allocation of Equity Shares.

8. **Any war or conflict involving India or other countries or terrorist attacks or communal riots could adversely affect general business sentiment and financial markets and also the Company's business.**

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001, New Delhi on December 15, 2001, Gandhinagar in Gujarat on September 24, 2002, Bali on October 12, 2002, Mumbai on August 25, 2003 and July 11, 2006, the London bomb blasts on July 7, 2005 and other acts of violence or war may negatively affect the Indian markets where the Company's equity shares will trade and also adversely effect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect the Company's business.

After the December 13, 2001 attack in New Delhi and a terrorist attack on May 14, 2002 in Jammu, India, diplomatic relations between India and Pakistan became strained. Any deterioration in the present relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the market price of the Company's equity shares.

Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investments in Indian companies involve a higher degree of risk and could have an adverse impact on the Company's business and on the market price of the Company's equity shares.

If communal disturbances or riots recur in India, or if regional hostilities increase, this would adversely affect the Indian economy, on whose continued health the Company's business depends.

9. Political stability or change in the Central Government could adversely affect the economic conditions in India and consequently the business of the Company

Political instability or changes in the Central Government could adversely affect economic conditions in India and consequently the Company's business.

The Company is incorporated in India and all of its assets are located in India, and it derives its revenues in India. Consequently, its performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, inflation rates, social and ethnic instability and other political and economic developments affecting India.

Since 1991, successive Central Governments have pursued policies of economic liberalization and financial sector reforms. The Central Government dissolved the parliament in February, 2004 and following the general elections held during April and May 2004, a new coalition Government, the United Progressive Alliance, led by the Indian National Congress party was formed. The new cabinet was sworn in on May 22, 2004.The Central Government has announced its general intention to continue India's current economic and financial sector liberalization and deregulation policies and encourage infrastructure projects. However, there can be no assurance that such policies will be continued, and a significant change in the Central Government's policies, in particular, those relating to infrastructure development in India, could affect business and economic conditions in India, including projected demand for cement in the Indian cement industry in general and could also adversely affect the financial condition and future results of operations of the Company.

10. The prices of the Equity Shares may be volatile, or an active trading market for the Equity Shares may not develop.

There has been no public market for the equity shares of the Company and the price of the Equity Shares may fluctuate after the Offer.

The prices of Equity Shares on the Stock Exchanges may fluctuate after the Offer as a result of several factors including:

a) Volatility in Indian and global securities market;

b) The Company's future results of operations and performance;

c) Performance of other companies in the cement industry;

d) Adverse media reports on the Company or the Indian cement industry;

e) Changes in the estimates of the Company's performance or recommendations by financial analysts;

f) Significant development in India's economic liberalization and de-regulation policies; and

g) Significant development in India's fiscal and environmental regulations.

The Offer Price will be determined by the Company in consultation with the Selling Shareholder and the BRLM. This price will be based on numerous factors (discussed in the section titled "Basis for the Offer Price" on page 22 of this Prospectus) and may not be indicative of the market price for the Equity Shares after the Offer. The market price of Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. There can be no assurance that the investor will be able to resell the Equity Shares at or above the Offer Price. The factors that could affect the Company's share price are:

a) quarterly variations in the rate of growth of financial indicators, such as EPS, net income and revenues of the Company,

b) changes in revenue or earnings estimates or publication of research reports by analysts;

c) speculation in the press or investment community;

d) general market conditions; and

e) domestic and international economic, legal and regulatory factors unrelated to the Company's performance.

There can be no assurance that an active trading market for Equity Shares will develop or be sustained after the Offer, or that prices at which the Equity Shares of the Company are initially traded will correspond to the price at which equity shares they will trade in the market subsequent to the Offer.

Notes to Risk Factors

1. Public Offer of 20,500,000 equity shares of Rs.10 each for cash at a price of Rs. 75 per equity share aggregating Rs. 1,537.50 million. The Offer would constitute 10.09% of the fully diluted post offer paid up capital of the Company.

2. The Offer being made through the 100% book building process where at least 60% of the Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for Allocation to QIB bidders including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Futher, up to 10% of the Offer shall be available for Allocation on a proportionate basis to Non-Institutional bidders and up to 30% of the Offer shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

3. The net worth of the Company was Rs. 3,102 million as of December 31, 2006 as per the restated stand-alone financial statements included in this Prospectus.

4. The net asset value per Equity Share was Rs.15.27 as of December 31, 2006, as per the restated stand alone financial statements in this Prospectus.

5. The average cost of acquisition of Equity Shares of the Company by the Promoter cannot be determined as it was partly for consideration other than cash. For more information, please refer to the section titled "Capital Structure" on page 14.

6. For details of the Company's related party transactions, please refer to the section titled "Related Party Transactions" on page 133.

7. The Promoters, Directors and Key Managerial Personnel are interested in the Company by virtue of their shareholding, if any, in the Company. See "Capital Structure" and "Management" on page 14 and page 73, respectively.

8. Trading in Equity Shares for all investors shall be in dematerialized form only.

9. Any clarification or information relating to the Offer shall be made available by the BRLM, CBRLM and the Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLM, CBRLM and the Syndicate Member for any complaints pertaining to the Offer.

10. Investors may note that in case of over subscription in the Offer, allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis. For more information please refer to the section titled "Basis of Allocation" on page 223.

11. Investors are advised to refer to the section titled "Basis for the Offer Price" on page 22.

12. The Company was incorporated on January 15, 1996 as Dynasty Dealer Private Limited with its registered office situated at Kolkata in the State of West Bengal, India. The name of the Company was changed to Binani Cement Private Limited on April 23, 1998. Subsequently, the Company was converted into a public company and the name was changed to Binani Cement Limited on October 6, 1998.

SECTION III – INTRODUCTION

SUMMARY

Overview

The Company is a leading Indian cement manufacturer focused on the key markets of states in Northern India and Gujarat in western India. The Company is one of the leading players in Rajasthan with a market share of 13% in the state as on June 30, 2006. (Source: Crisil Research and CMA dated September 27). The Company also has significant presence in Gujarat, Haryana and Delhi markets. The Company has facilities for manufacture of 2.25 MTPA of cement along with 25 MW coal/lignite based captive power plant at Sirohi, Rajasthan. The Company only manufactures OPC and PPC, with an OPC: PPC product mix of about 71:29 in fiscal 2005, 63:37 during fiscal 2006 and 51:49 for fiscal 2007.

The Company is the flagship company of the Binani group, promoted by Mr. Braj Binani. The group has multiple products and is located across India with interests in cement, zinc and glass fibre.

The Sirohi facility was set up with the support of Denmark based F.L. Smidth and Larsen and Toubro Ltd. in India, and was completed within 19 months from the effective date of order for the main plant and machinery. The Company is certified as ISO9001, ISO14001 and OHSAS18001 compliant.

The Company has two limestone mines, located at Amli and Thandiberi which are located at a distance of 2 Km and 7 Km from the Sirohi plant respectively. The mines are leased to the Company by the Government of Rajasthan for a period of 20 years expiring on 2015. As per the report of Holtec Consulting Private Limited ("Holtec Consulting"), these mines have proven reserves of up to 195 million tonnes as on April 1, 2005.

The Company's cement is marketed under the brand name of "Binani", which over the last 9 years, has established significant brand presence especially in the Rajasthan and Gujarat markets.

In September 2005, JPMorgan Special Situations Asia Corporation, a wholly owned subsidiary of JPMorgan Chase and Co., through its investment subsidiary – JPMSSM, acquired an equity stake in the Company by purchasing equity from BIL for Rs. 1.2 billion and it currently holds 25% of the equity share capital of the Company. JPMorgan Special Situations Asia Corporation has also extended a term loan of Rs. 1.3 billion to the Company through its Indian affiliate, J.P. Morgan Securities India Private Limited ("JPMSIPL") towards part-financing the Company's expansion project. As of April 2, 2007, the term loan of Rs. 1.3 billion has been re-financed by JPMorgan Chase Bank N.A., Mumbai, on similar terms and conditions.

In July 2006, Ganesha Prime Holdings (Mauritius) Limited, a wholly owned subsidiary of Credit Suisse Private Equity Partners Asia, L.P acquired an equity stake in the Company by purchasing 20,500,000 Equity Shares from BIL for Rs.1.5 billion at Rs. 73 per Equity Share and it currently holds, along with its affiliate,10.09% of the equity share capital of the Company.
The Company's financial performance in the last three fiscal and the first six months of fiscal 2007 are given below

(Rs. in Million)

		For the year ended March 31,		
Particulars	**Nine months ended December 31, 2006**	**2006**	**2005**	**2004**
Total Income	4964	4932	4401	3791
EBITDA	1662	1344	1017	1011
EBITDA margin	33.5%	27%	23%	26.7%
PAT (as restated)	701	518	21	35
PAT margin	14.1%	10.5%	0.5%	0.9%

Competitive Strengths

The principal strengths and competitive advantages of the Company are as follows:

The Company's presence in the high growth north Indian cement market

The cement industry in India is region-focused due to the high transportation costs. Historically Northern Indian cement manufacturers have operated at a higher level of capacity utilization compared to other regions. (Source: Cris Infac Report – September 2006). The Company believes that the demand for cement in North India will be be driven by demand for cement from construction for the Commonwealth Games, increased spending on infrastructure by the state and central governments and development of special economic zones and real estate demand. The demand for cement is expected to continue to grow at a CAGR of 9% over a period of 5 years from fiscal 2006 to fiscal 2011. (Source: CRIS Infac Research report dated May 29, 2006), but the capacity addition by cement manufacturers in North India is not expected to bridge the demand-supply gap. The Company believes that the Northern market can absorb an additional capacity of 4-5 MTPA without affecting prices adversely. The Company believes that it is in a position to realize the benefits of the increased demand in the Nothern India markets, being the one of the key manufacturers in northern India and also due to the Company's proposed capacity expansion at the Sirohi facility which will address the expected demand growth.

The cement manufacturing facility of the Company has certain locational advantages

The location of the Sirohi facility is a key advantage to the Company as its limestone reserves are at a close proximity to its plant. As the plant is located in Pindwara, Sirohi District, Rajasthan which is in close proximity to the customers in the states of Rajasthan, Gujarat, Haryana and NCR it reduces the Company's transportation costs which contribute significantly to the overall cost reduction. The Company has its own captive power plant for which high grade coal is imported from South Africa and Indonesia. This coal comes in from Navlakhi / Kandla port which is approximately 450 kms from the plant.

The facility is well connected by road through NH – 14 to the primary markets of the Company; namely Rajasthan and Gujarat. In terms of outward freight, about 90% of the despatches are sent through road with the balance through rail. The Company is servicing western Uttar Pradesh and parts of Delhi by rail, while the other markets are serviced by road. A railway siding has also been set up at the plant to link the plant with it nearest railway station of Keshavganj which is approximately 12 kms from the Company's cement facility.

The Company has established a significant brand presence

Over the last 9 years, the 'Binani' brand has established significant brand presence especially in the Rajasthan and Gujarat markets. The quality of the Company's cement is a key differentiator of its product due to the manufacturing processes followed and the standards adopted by the Companywhich are more stringent than the standards specified by the BIS. For example, presently the mix of fly ash content in the Company's PPC does not exceed 25% as against the BIS standard which permits a maximum fly ash content of 35%. The Company is one of the leading players in each of its key markets of Rajasthan, Gujarat and NCR. It has a large distribution network in place with 1,839 dealers and 42 market organisers supported by their own sales staff. Also, the Company has been certified ISO9001, ISO14001 and OHSAS18001 compliant.

The Company is one of the leading cement producers in important cement markets in north India

The Company is one of the leading cement producers in Rajasthan with a 13% market share as on June 30, 2006 and over 45% of its total sales are dispatched to Rajasthan. In Gujarat also, the Company has a market share of 7% as at the end of fiscal 2006. (Source: Crisil Research, CMA dated September 27, 2006) The Company's leadership position enables it to leverage its existing in-house skills, relationship with customers and provides potential to increase the products being sold.

The Company has control over the main components of the manufacturing process, namely limestone, power and fuel.

The key ingredient in the Company's manufacturing process is limestone. The Company has its own captive limestone mines with proven reserves of high quality limestone serving its plant enabling it to continue operations for a period of at least 25 years taking into account the expansion of production capabilities that have been undertaken by the Company.

The power required for the manufacturing process is generated from its 25 MW captive unit which caters to approximately 70-75% of the cement plant's power requirement. The Company expects that after the completion of its expansion plans, the power plant will have a generating capacity of 69.6 MW which will cater to 100% of the Company's power requirements for the expanded cement manufacturing capacity.

Coal is the main fuel which is used in cement production. It is mostly imported from South Africa and Indonesia. The Company is also using various alternative fuels like lignite and agro waste to bring down the fuel cost. The Company sources lignite from mines that are approximately 200 – 300 Km from the Sirohi facility.

The Company has efficient operational performance

The Company has an EBITDA margin of 27% for fiscal 2006 and an EBITDA margin of 33.5% for the nine months ended December 31, 2006. The Company believes it is able to operate at these levels of operating efficiency due to its technical base, cost management initiatives, the quality of its manufacturing facilities and its marketing and distribution network.

The Company's power consumption in the manufacturing process was reduced to 73 kWh / MT for fiscal 2006 from 80 kWh / MT for the fiscal 2002.

The Company has a strong management team and motivated and efficient work force

The Company is managed by a team of experienced and professional managers focused on different aspects of the cement industry including production, manufacturing, marketing, quality control and finance. The Promoters and management of the Company have experience in the cement industry. The Company's human resource policy is prepared with a commitment to create an organization that nurtures talents and motivates its work force.

The Company has an extensive marketing and distribution network

The sales and marketing functions of the Company are managed from New Delhi, with a team of 83 professionals based at six main centres of Ahmedabad, New Delhi, Jodhpur, Jaipur, Ghaziabad and Chandigarh. In addition to its staff, the marketing team is supported by MOs who work on commission basis. The Company has 42 MOs of which 13 are located in Rajasthan, 9 in Gujarat and 20 spread across New Delhi, Haryana, Punjab and Uttar Pradesh.

The Company has a wide spread distribution network of 1,839 dealers and 42 MO in the states of Rajasthan, Gujarat, Delhi, Haryana, parts of Uttar Pradesh and Punjab.

The Company follows the 'cash and carry' system and does not sell its products on credit basis which reduces the Company's exposure to customer credit risk. This system has allowed the Company to operate with a smaller marketing and sales team and reduces the working capital requirements of the Company.

The Company's Strategy:

Maintain and further consolidate the Company's position in key markets through capacity expansion

To achieve the Company's objective of increasing its presence in the North Indian markets, it has increased its clinker capacity at its plant by 2.3 MTPA, with commercial production expected to commence from May 2007 and is adding another 44.6 MW (2 X 22.3 MW) captive power plant with one unit of 22.3 MW expected to be commissioned by June 2007 and another by October 2007. The cement production capacity at the Sirohi facility has been enhanced from 2.25 MTPA to 5.3 MTPA. The total cost of the expansion project is estimated at Rs. 5750 million (including the second unit of the captive power plant to be installed by October 2007 at a cost of Rs. 600 million).The project cost is based on the orders already issued which are all fixed price orders without any price escalation terms. As on March 31, 2007, the Company has issued purchase orders for the entire project.

Focusing on sales on a regionwise basis

The Company's strategy is focused on maximizing net sales realization by focusing on sales of the product on a regional basis. However due to the high cost of freight, the Company's strategy is presently focused on saturating the markets which are close to its plant where it enjoys a relative freight advantage.

Increase in distribution and sales network

The Company's products are currently marketed through a widespread distribution network comprising 1,839 dealers who in turn sell the product to end users such as contractors, retailers, etc. The Company does not market its products directly to institutions as this is a less profitable segment. It will continue to focus on building a dedicated and motivated dealer network spread across the states of Northern India by seeking to add additional dealers to the network and strengthen its relationship with the existing dealers. In order to enhance the relationships with dealers, the Company provides training to the dealers on innovative sales techniques and trying to increase the popularity and usage of its cement products. The Company has marketing offices all over India and its officials are continuously meeting dealers and their personnel to provide them with greater information about the products of the Company and discuss means of increasing the sales of the Company's products.

Entering new markets and increasing penetration in select markets

As freight costs play a crucial role in determining the end markets for cement, the Company intends to consolidate its position in the key markets of Rajasthan, Gujarat and NCR. However the growth in the Indian cement markets of Northern India and as well as Western India has presented a growth opportunity for the Company. The Company has set up a railway siding adjacent to its Sirohi facility, which connects the facility to a broad guage railway line connecting New Delhi to Ahmedabad. Till recently, the Company was transporting its products to this railway line by road which added to the freight cost. The setting up of the railway siding will eliminate the requirement for road transport in the first stage and this will allow the Company to transport its products into the state of Maharashtra as well as into the Northern Indian markets such as Punjab and western Uttar Pradesh in a cost effective manner.

Reducing power and fuel costs

The new power plant and the new kiln permits the use of alternative fuels in the manufacturing process. The Company expects to be in a position to utilize lignite, pet coke and agro waste as a fuel in the power plant and the kiln. The Company expects this will reduce the Company's dependance on imported coal as a fuel.

Developing the Company's product mix and enhancing products

The Company's production mix in the year ended March 31, 2006 was 37% PPC and 63% OPC, compared to 29% and 71% respectively, in the year ended March 31, 2005. For fiscal 2007 the mix of PPC:OPC was 51:49. In addition, it intends to further enhance the quantum of the PPC towards a mix of 60% PPC and 40% OPC. This is to cater to the increased demand for PPC in the Indian cement markets.

Increasing the promotion of the Company's brand

To promote the Company's products and the brand 'Binani', with dealers who are the customers of the Company, the Company organizes seminars, workshops and conferences where it educates its dealers/customers about the strengths of its product. Annually, it also organizes a MOs meet where dealers of the Company and MOs from all over the country are invited and based on their feedback of the Company further fine-tunes its marketing strategy. The Company also intends to undertake advertising and promotional campaigns in select markets such as Rajasthan and Gujarat to increase the brand awareness and enhance the understanding of the Company's products. Direct promotional efforts to reach out to contractors and builders are done by the MOs, supported by the sales and marketing team of the Company.

SUMMARY OF FINANCIAL AND OPERATING INFORMATION

The following financial data have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI guidelines and restated as described in the report of the Company's Auditors dated April 4, 2007in the section titled "Financial Statements" beginning on page 103 of this Prospectus. This financial data should be read in conjunction with the Company's financial statements (as restated) for each of fiscal 2003, 2004, 2005, 2006 and nine months ended September 30, 2006 including the notes thereto and the reports thereon, which appear on page 103 of this Prospectus, and section titled "Management Discussion and Analysis of Operations and Financial Conditions".

Statement of Profit and Loss Account – As Restated

(Rs. In Million)

Particulars	9 months ended December 31, 2006	For the Year ended March 31,			
		2006	2005	2004	2003
Cement Production – million tonnes	**1.80**	**2.31**	**2.24**	**2.20**	**2.11**
Cement Sales – million tonnes	**1.79**	**2.34**	**2.24**	**2.19**	**2.11**
Cement plant availability (%)	**107**	**104**	**104**	**107**	**106**
Income					
Gross Sales	5,665	5,840	5,290	4,627	4,411
Less Excise Duty	730	956	908	877	748
Net Sales	4,935	4,885	4,382	3,750	3,663
Other Income	29	48	19	41	30
Total Income	**4,964**	**4,932**	**4,401**	**3,791**	**3,693**
Expenditure					
Raw Material and packing material consumed	624	729	673	468	452
Other Manufacturing Expenses	1,265	1,610	1,511	1,193	1,195
Employee Cost	144	151	136	132	122
Selling and Administration Expenses	1,269	1,091	1068	980	945
Interest	241	341	523	560	563
Depreciation	324	429	420	413	406
Total	**3,866**	**4,351**	**4,331**	**3,746**	**3,683**
Profit before Tax	**1,097**	**581**	**70**	**45**	**10**
Provision for Tax (including deferred tax)	396	51	6	4	-
Profit after Tax	**701**	**530**	**64**	**41**	**10**
Total of adjustments after tax impact		**(12)**	**(44)**	**(6)**	**(8)**
Net Profit/(Loss) as restated	**701**	**518**	**20**	**35**	**2**
Balance brought forward from previous year as restated	356	28	8	3	(1,391)
Write off against cancellation of Equity Capital and Capital Reserve as per Scheme of Arrangement	-	-	-	-	1,392
Adjustment on account of transfer of investment division as per Scheme of Arrangement	-	(92)	-	-	-
Profit/(Loss) available for appropriation as restated	1,058	454	28	38	3
Add/(Less): Transfer to Debenture Redemption Reserve	-	30.00	-	(30.00)	-
Less: Transfer from/to General Reserve	-	(13)	-	-	-
Less : Proposed arrears of Dividend on 12% Cumulative Redeemable Preference Shares	-	(101)	-	-	-
Less: Tax on Proposed Dividend	-	(14)	-	-	-
BALANCE CARRIED FORWARD AS RESTATED	**1,058**	**356**	**28**	**8**	**3**

Statement of Assets and Liabilities – As Restated

(Rs. in Million)

As at	**9 months ended December 31, 2006**	**For the Year ended March 31**			
		2006	**2005**	**2004**	**2003**
Application of Funds					
Fixed Assets					
Gross Block	8164	8040	7919	7679	7456
Less :- Accumulated Depreciation	3387	3081	2670	2287	1897
Net Block	**4777**	**4959**	**5249**	**5392**	**5559**
Add:- Capital Work in Progress	4407	1000	52	51	25
Total	**9184**	**5959**	**5301**	**5443**	**5584**
Investments	**40**	-	**232**	**233**	**233**
Current Assets, Loans and Advances					
Inventories	497	336	336	396	400
Sundry Debtors	35	2	4	8	8
Cash and Bank Balances	610	1028	88	88	146
Loans and Advances	1248	1517	2216	859	569
Assets held for disposal	2	4	3	3	3
Total (A)	**2392**	**2887**	**2647**	**1354**	**1126**
Current Liabilities and Provisions					
Current Liabilities and Provisions	1344	847	729	557	594
Trade Deposits	137	118	114	111	97
Deferred Tax Liability	271	-			
Total (B)	1752	965	**843**	**668**	**691**
Net Current Assets (A-B)	**640**	**1922**	**1804**	**686**	**435**
Total		**7881**	**7337**	**6362**	**6252**
Sources of Funds					
Loan Funds					
Secured Loans	6526	5480	5009	4136	4078
Unsecured Loans	236	-	99	17	-
Total	**6762**	**5480**	**5108**	**4153**	**4078**
Share Capital and Reserves					
Share Capital	2031	2031	2171	2171	2171
Reserves	1071	370	58	38	3
Less Debit Balance of Profit and Loss Account			-	-	-
Net worth	**3102**	**2401**	**2229**	**2209**	**2174**

THE OFFER

Equity Shares Offered	
Offer for Sale by Selling Shareholder	
• JPMSSM	20,500,000 Equity Shares
Of which:	
• Qualified Institutional Buyers portion (allocation on proportionate basis)	at least 12,300,000 Equity Shares (allocation on proportionate basis), out of which 615,000 Equity Shares shall be available for Allocation on a proportionate basis to Mutual Funds only (Mutual Funds Portion), and 11,685,000 Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds
• Non – Institutional portion* (allocation on proportionate basis)	Up to 2,050,000 Equity Shares (allocation on proportionate basis)
• Retail Individual Bidders portion* (allocation on proportionate basis)	Up to 6,150,000 Equity Shares (allocation on proportionate basis)
Equity shares outstanding prior to the Offer	203,101,274 Equity Shares
Equity shares outstanding after the Offer	203,101,274 Equity Shares
Use of proceeds	This being an Offer for Sale, the Company will not receive any proceeds from the Offer.

* **Under subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met over with spill over from any other category at the discretion of the Company, the Selling Shareholder the BRLM and CBRLM.**

GENERAL INFORMATION

Registered Office of the Company

Binani Cement Limited
706 Om Tower
32, Chowringhee Road
Kolkata - 700071

Registration Number: 21-76612

CIN: U26941WB1996PLC076612

The Company is registered with the Registrar of Companies, West Bengal situated at Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4, A.J.C.B Road, Kolkata – 700020.

Board of Directors

The following persons constitute the Board:

1. Mr. Braj Binani, Chairman;
2. Mr. Sushil Bhatter, Director;
3. Mr. D. Sundararajan, Wholetime Director designated as “Executive Director”;
4. Mr. P Sheoran, Wholetime Director designated as “President (Works)”;
5. Mr. Sanjai Vohra, Nominee of JPMSSM;
6. Mr. S. Padmakumar, Independent Director;
7. Dr. V.C. Shah, Independent Director; and
8. Mr. V. Subramanian, Independent Director.

For further details in relation to the Board of Directors, please see “Management” on page 73 of this Prospectus.

Book Running Lead Manager

ICICI Securities Primary Dealership Limited
ICICI Centre
H. T. Parekh Marg
Churchgate
Mumbai - 400 020
Tel.: +91 22 6637 7414
Fax.: +91 22 2282 6580
Email: bcl_ipo@isecltd.com
Contact Person: Mr. Debasis Panigrahi

Co-Book Running Lead Manager

J. P. Morgan India Private Limited
Mafatlal Centre, 9th Floor
Nariman Point
Mumbai - 400 021
Tel: +91 22 2285 5666
Fax: +91 22 6639 3091
Email: bcl_ipo@jpmorgan.com
Contact Person: Mr. Nilaya Agrawalla

Syndicate Member

ICICI Brokerage Services Limited
ICICI Centre
H. T. Parekh Marg
Churchgate
Mumbai - 400 020
Tel.: +91 22 2288 2460 /70
Fax.: +91 22 2282 6580
Email: bcl_ipo@isecltd.com
Contact: Mr. Anil Mokashi

Company Secretary and Compliance Officer

The Company Secretary and Compliance Officer of the Company is Mr. Atul Falgunia. His contact details are as follows:

Mr. Atul Falgunia
Company Secretary
Binani Cement Limited
Mercantile Chambers
12 J N Heredia Marg
Ballard Estate
Mumbai – 400001
Tel: +91 22 2263 4951-53
Fax: +91 22 2263 4960
Email: bclipo@binani.net

Investors can contact the above-mentioned Compliance Officer or Registrar to the Offer in case of any queries related to the Offer such as non receipt of letters of allotment, refund orders, etc.

Registrar to the Offer

Bigshare Services Private Limited
E/2 Ansa Industrial Estate, Sakivihar Road, Saki Naka
Andheri (E), Mumbai 400 072
Tel: + 91 22 2847 0652
Fax: + 91 22 2847 5207
Email: ipo@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Prakash Khare

Domestic Legal Advisor to the Underwriters

Amarchand and Mangaldas and Suresh A. Shroff and Co.
5th floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai - 400013
Tel: +91 22 6660 4455
Fax: +91 22 2496 3666

Domestic Legal Advisor to the Company

M/s. Udwadia and Udeshi, Solicitors and Advocates
3rd Floor, Thomas Cook Building
D. N. Road
Fort, Mumbai - 400001
Tel: +91 22 2288 3345
Fax: +91 22 2288 3352 / 22871436
Email: udwadia@uubindia.com

Domestic Legal Advisor to the Selling Shareholder

AZB & Partners
Express Towers
23rd Floor
Nariman Point
Mumbai – 400 021
Tel.: +91 22 6639 6880
Fax: +91 22 6639 6888

Auditors to the Company

M/s. Deloitte Haskins & Sells
Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli, Mumbai – 400018
Tel.: + 91 22 5667 9106 / 9000
Fax: + 91 22 5667 9100
E-mail: ajani@deloitte.com

M/s. Kanu Doshi Associates
Chartered Accountants
24, Morvi House
30, Dr. Sundarlal Bahl Marg
Goa Street
Ballard Estate, Mumbai - 400038
Tel: +91 22 2267 5583 / 85
Fax: +91 22 2267 5577
Email: jayesh.parmar@kanudoshigroup.com

Banker to the Offer and Escrow Collection Bank

UTI Bank Limited
Controlling Branch
Universal Insurance Building
Sir P M Road
Fort, Mumbai 400 001
Tel: +91 22 2283 5782 / 2287 4663
Fax; +91 22 2283 5785
Website: www.utibank.com
Email: roshan.mathias@utibank.co.in
Contact: Mr. Roshan Mathias

ICICI Bank Limited
Capital Markets Division
30, Mumbai Samachar Marg
Mumbai 400 001
Tel: +91 22 2262 7600
Fax: +91 22 2261 1138
Website: www.icicibank.com
Email: sidartha.routray@icicibank.com
Contact: Sidartha Routray

Bankers to the Company

Dena Bank
Industrial Finance Branch
Maker Towers 'E', 9th Floor
Cuffe Parade
Mumbai 400 005
Tel: +91 22 2218 7234
Fax: +91 22 2218 4445

Oriental Bank of Commerce
Corporate Group Finance Branch
18th Floor, Maker Tower 'E'
Cuffe Parade, Mumbai 400005
Tel: +91 22 2215 3533
Fax: +91 22 2215 3533

Punjab National Bank
Ilaco House Branch
Sir P.M. Road
Fort, Mumbai 400 001
Tel: +91 22 2267 3062
Fax: +91 22 2266 0129

State Bank of Indore
Tirupati Towers
B-Wing, First Floor
Thakur Complex, Kandivali (East)
Mumbai 400 101
Tel: +91 22 2854 0865
Fax: +91 22 2854 7534

The Jammu and Kashmir Bank Limited
79A, Mehta House
Bombay Samachar Marg
Fort, Mumbai – 400 023
Tel: +91 22 6659 5971
Fax: +91 22 6659 5975

Statement of Inter-se Allocation of Responsibilities for the Offer

S. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	ISEC	ISEC
2.	Due diligence of the Company's operations / management / business plans/legal etc. Drafting and design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock	ISEC	ISEC

S. No.	Activities	Responsibility	Co-ordinator
	Exchange, Registrar of Companies and SEBI, including finalization of Prospectus and filing the same with the Registrar of Companies.		
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, corporate films etc	ISEC	ISEC
4.	Appointment of registrar, bankers and advertising agency	ISEC	ISEC
5.	Appointment of printer	ISEC	ISEC
6.	Non institutional and retail marketing of the Offer, which will cover inter alia, ▪ Formulating marketing strategies, preparation of publicity budget ▪ Finalize media and Public relations strategy ▪ Finalizing centers for holding conferences for brokers, etc. ▪ Finalize collection centers ▪ Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material	ISEC, JPM	ISEC
7.	Institutional marketing of the Offer, which will cover, inter alia, finalize the list and division of investors for one to one meetings; and Finalize road show schedule and investor meeting schedules; Road show presentation and FAQs	ISEC, JPM	ISEC
8.	Finalise Offer Price in consultation with the Company	ISEC	ISEC
9.	Post bidding activities including management of Escrow Accounts, co-ordination with registrar and banks, refund to bidders, etc.	ISEC	ISEC
10.	The post Offer activities of the Offer will involve essential follow up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Offer, Bankers to the Offer and the bank handling refund business. Managers shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the issuer company.	ISEC	ISEC

Credit Rating

As the Offer is of Equity Shares, credit rating is not required.

Offer Grading

The Company has not opted for the grading of this Offer.

Trustees

As the Offer is of Equity Shares, the appointment of Trustees is not required.

Book Building Process

Book Building refers to the collection of Bids from investors, on the basis of the Prospectus including the Price Band. The Offer Price will be ascertained after the Bid Closing Date. The parties involved in the Book Building Process are:

1. The Company and the Selling Shareholder;
2. The BRLM and CBRLM;
3. The Syndicate Member who is an intermediariy registered with SEBI or registered as a broker with NSE/BSE and eligible to act as an underwriter. Syndicate Member is appointed by the BRLM and CBRLM;
4. Registrar to the Offer; and
5. Escrow Collection Bank.

This Offer is being made through a 100% Book Building Process wherein at least 60% of the Offer shall be allocated on a proportionate basis to QIB Bidders, out of which 5% of the QIB Portion shall be available for Allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above Offer Price. If at least 60% of the Offer cannot be allocated to QIB Bidders, then the entire application money will be refunded forthwith. Further, up to 10% of the Offer shall be available for Allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Offer shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

Pursuant to the SEBI (DIP) Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid/ Offer Closing Date. For further details, see the section titled “Terms of the Offer” on page 201.

The Company shall comply with the applicable guidelines issued by SEBI for the Offer. The Selling Shareholder shall comply with the relevant guidelines issued by SEBI and applicable to the Selling Shareholder in relation to the Offer. In this regard, the Company and the Selling Shareholder have appointed ICICI Securities Primary Dealership Limited as the BRLM and J.P. Morgan India Private Limited as the CBRLM to procure subscriptions to the Offer.

The Book Building Process, under the SEBI (DIP) Guidelines, is subject to change from time to time and the investors are advised to make their own judgement about investment through this process prior to making a Bid.

Illustration of Book Building Process and Price Discovery Process (*Investors should note that this example is solely for illustrative purposes and is not specific to the Offer*)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, offer size of 3,000 equity shares and receipt of five bids from bidders out which one bidder has bid for 500 shares at Rs. 24 per share while another has bid for 1,500 shares at Rs. 22 per share. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book given below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	27.77%
1,000	23	1,500	83.33%
1,500	22	3,000	166.67%
2,000	21	5,000	277.78%
2,500	20	7,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which the Selling Shareholder is able to offer the desired number of shares is the price at which the book cuts off i.e. Rs. 22 in the above example. The Selling Shareholder and the Company, in consultation with BRLM, will finalise the Offer Price at or below such cut off price, i.e. at or below Rs. 22. All bids at or above the Offer Price and cut off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for bidding:

- Check eligibility for bidding (please refer to the section titled “Offer Procedure - who can bid" on page 205 of this Prospectus);
- Ensure that the Bidder has an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- If the Bid is for Rs.50,000/- or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid Cum Application Form (see section titled “Offer Procedure — ‘PAN’ or ‘GIR’ Number” on page 220 of this Prospectus; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given therein and in the Prospectus.

Underwriting Agreement

After the determination of the Offer Price and Allocation, but prior to filing of this Prospectus with the RoC, the Company and the Selling Shareholder will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM and the CBRLM shall be responsible for bringing in the amount devolved, in the event that the Syndicate Member does not fulfill its underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rs. in Million)
ICICI Securities Primary Dealership Limited ICICI Centre H. T. Parekh Marg Churchgate Mumbai - 400 020	10,249,900	768.74
J. P. Morgan India Private Limited Mafatlal Centre, 9th Floor Nariman Point Mumbai – 400021	10,250,000	768.75
ICICI Brokerage Services Limited ICICI Centre H. T. Parekh Marg Churchgate Mumbai - 400 020	100	0.01

(The above-mentioned is indicative underwriting and this would be finalized after the pricing and actual Allocation and has been intentionally left blank to be filled in before filing of the Prospectus with the RoC.) The Underwriting Agreement is dated May 15, 2007.

In the opinion of the Board of Directors of the Selling Shareholder and the Board of Directors of the Company (based on a certificate given to them by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The Board of Directors of the Selling Shareholder and the Offer Committee of the Company (as constituted and authorised in this regard by the Board of Directors of the Company) have accepted the Underwriting Agreement mentioned above at their meetings held on May 14 and May 15, 2007, respectively.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure / subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE

The share capital of the Company as at the date of this Prospectus is set forth below:

(Rs. in Million)

	Aggregate Value at nominal value	Aggregate Value at Offer Price
(A) Authorized Share Capital		
423,899,600 Equity Shares of Rs. 10 each	4238.99	
(B) Issued, Subscribed and paid-up capital before the Offer		
203,101,274 Equity Shares of Rs. 10 each	2031.01	
(C) Present Offer through Offer for Sale through this Prospectus		
20,500,000 Equity Shares of Rs. 10 each	205.00	1,537.50
(D) Issued, Subscribed and Paid – Up capital after the Offer		
203,101,274 Equity Shares of Rs. 10 each	2031.01	
(E) Share Premium Account before and after the Offer	Nil	

(a) The authorised share capital of the Company was increased from Rs. 100,000 (Rupees One Hundred Thousand) divided into 10,000 equity shares of Rs. 10 each to Rs. 10,000,000 (Rs. Ten Million) divided into 1,000,000 (One Million) equity shares of Rs. 10 each on March 16, 1998. It was increased to Rs. 3,010,000,000 (Rupees Three Billion and Ten Milllion only) divided into 201,000,000 (Two Hundred and One Million) equity shares of Rs. 10 each and 10,000,000 (Ten Million) 12% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each on September 18, 1998. It was again increased to Rs. 4,010,000,000/- (Rupees Four Thousand and Ten Million) divided into 301,000,000/- (Three Hundred and One Million) equity shares of Rs.10/- each and 10,000,000/- (Ten Million) 12% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each, pursuant to a special resolution passed at the Extra Ordinary General Meeting of the Company held on February 23, 1999.

(b) Subsequently, the authorised share capital of the Company was re-organised to Rs. 4,010,000,000/- (Rupees Four Thousand and Ten Million only) divided into 401,000,000/- (Four Hundred and One Million) equity shares of Rs.10/- (Rupees Ten Only) pursuant to a special resolution passed at the Extra Ordinary General Meeting of the Company held on August 30, 1999.

(c) Pursuant to an order dated December 11, 2000 of the High Court of Calcutta (passed in Company Petition No.522 of 2000 connected with Company Application No.644 of 2000), the authorised share capital of the Company was increased to Rs.4,238,996,000 (Rupees Four Thousand Two Hundred and Thirty Eight Million and Nine Hundred and Ninety Six Thousand only)- divided into 423,899,600 (Four Hundred Twenty Three Million Eight Hundred Ninety Nine Thousand and Six Hundred only) equity shares of Rs.10/- (Rupees Ten only) each.

(d) The Offer has been approved by the Board of Directors of JPMSSM, i.e. the Selling Shareholder, at its meeting held on October 9, 2006.

JPMSSM, a wholly owned subsidiary of JPMorgan Special Situations Asia Corporation, was incorporated on May 30, 2005 as Silver Peak Investments (Mauritius) Limited. Its name was changed to JPMorgan Special Situations (Mauritius) Limited with effect from August 3, 2006. A fresh certificate of incorporation was issued consequent on change of name by the Registrar of Companies, Mauritius on August 3, 2006. JPMSSM has, pursuant to a share purchase agreement with BIL on September 24, 2005, acquired 50,775,318 Equity Shares representing 25% of the issued and paid up equity share capital of the Company for Rs. 1.2 billion.

The details of the Equity Shares being offered in the Offer for Sale are as under:

Name of the Shareholder	No. of shares offered	Percentage of Pre Offer and Post Offer paid up Capital
JPMSSM	20,500,000	10.09%

The Equity Shares being offered have been held for more than one year at the time of filing this Prospectus with SEBI as required under the SEBI Guidelines and are free from any encumbrance and/or pledge.

Notes forming part of the Capital Structure

1) Share Capital History of the Company.

Date of Allotment	Number of Equity Shares	Cumulative Number of Equity Shares	Face Value per share (Rs.)	Issue price per Equity Share (Rs.)	Consideration	Reasons for allotment	Cumulative Share Capital (Rs.)
December 18, 1995	200	200	10	10	Cash	Allotment pursuant to subscription to the Company's Memorandum of Association	2,000
May 9, 1998	5,000	5,200	10	10	Cash	Further issue of shares	52,000
July 31, 1998	3,120	8,320	10	10	Cash	Further issue of shares	83,200
October 28, 1998	200,000,000	200,008,320	10	10	Consideration other than cash	Allotted to BIL as per the Order of the High Court of Calcutta dated September 24, 1998	2,000,083,200
February 23, 1999	100,000,000	300,008,320	10	10	Cash	Further issue of shares to augment the financial resources of the Company	3,000,083,200
July 27, 1999*	100,000,000	400,008,320	10	10	Consideration other than cash	10,000,000 12% Cumulative Redeemable Preference Shares (CRPS) of Rs. 100/- each issued to BIL as per the order of the High Court of Calcutta dated September 24, 1998 were	4,000,083,200

Date of Allotment	Number of Equity Shares	Cumulative Number of Equity Shares	Face Value per share (Rs.)	Issue price per Equity Share (Rs.)	Consideration	Reasons for allotment	Cumulative Share Capital (Rs.)
						converted into Equity shares	
July 3, 2003[1]	22,899,600	422,907,920	10	10	Issued to the shareholders of Munga Holdings Limited as per the Order of the High Court of Calcutta dated December 11, 2000.		4,229,079,200
September 26, 2003[2]		217,067,708	The paid up share capital of the Company was re-organised as per the order of the High Court of Calcutta dated August 14, 2003				2,170,677,080
September 29, 2005[3]		203,101,274	The paid up share capital of the Company has been reduced from 2,170,677,080 to 2,031,012,740 as per the Order of the High Court of Calcutta dated August 17, 2005				2,031,012,740

An amount of Rs. 24,700/- has been received as application money in respect of 9,880 Equity Shares allotted by the Company on July 31, 1998. These Equity Shares were forfeited by the Company on August 24, 1998.

*Pursuant to a scheme of arrangement 1,000,000 12% Cumulative Redeemable Preference Shares of Rs. 100 each were issued as per the order of the High Court of Calcutta on October,28,1998. These Preference Shares were later converted to Equity Shares on July 27, 1999.

[1] In terms of a Scheme of Arrangement under section 391 of the Companies Act, MHL was merged with the Company with effect from April 1, 2000. The share capital of the Company consequently increased from Rs. 4,000.08 million to Rs. 4,229.08 million.

[2] The Company had accumulated losses of Rs. 1305.03 million and Miscellaneous Expenditure (to the extent not written off or adjusted) of Rs.86.32 million. Further, the Company had given Rs. 670 million to BIL as unsecured loans. In terms of a scheme of arrangement under section 391 of the Companies Act, approved by the High Court of Calcutta vide its order dated August 14, 2003, the paid- up share capital of the Company was reduced and re-organised as follows:-

(i) Reduction of the paid-up share capital of the Company by Rs.670 million against the unsecured loans given to BIL. The share capital was reduced to Rs. 3,559.1 million, (355,907,920 shares of face value Rs.10/- each)

(ii) The face value of each Equity Share was reduced by Rs. 3.90 per share and was further consolidated to Rs.10/- each resulting in a paid-up share capital of Rs. 2,170.07 million (217,067,708 shares of face value Rs. 10/- each).

[3] Consequent upon the transfer of the investment division of the Company comprising investments of Rs.231.66 million to Daisy Commercials Private Limited with effect from April 1, 2005 and re-organisation of capital through a scheme of arrangement under section 391 of the Companies Act , the paid- up share capital of the Company was reduced from Rs.2,170.07 million as on March 31, 2005 to Rs.2,031.01 million and the reserves and surplus was reduced from Rs. 177.45 million as on March 31, 2005 to Rs. 85.51 million as at September 29, 2005.

2) Swap Scheme of BIL

The Board of Directors of BIL have approved a swap of upto 50% of the issued share capital of BIL held by its members for the Equity Shares of the Company and the equity shares of BZL held by BIL ("Scheme"). Consequent to such share swap, shareholders of BIL will have an option to receive Equity Shares of the Company and the equity shares of BZL while their shareholding in BIL will stand cancelled and they will cease to be shareholders of BIL. The swap ratio has been fixed at 25 Equity Shares of the Company and 25 existing fully paid equity shares of BZL of Rs. 10 each for every 20 existing fully paid equity shares of Rs. 10 each of BIL. The swap ratio has been arrived at on the basis of the valuation report by N M Raiji and Co and fairness report of Kanu Doshi and Associates.* The Scheme under Section 391 and other applicable provisions of the Companies Act has been approved by the BSE and the CSE and the High Court of Calcutta vide its order dated November 28, 2006. The detailed court order is awaited. The eligible number of equity shares of BIL available for swap is upto 14,798,212 (being 50% of the total paid up equity shares of BIL). In the event that the Scheme is implemented in its entirety, upto 18,497,765 Equity Shares of the Company held by BIL may be offered to the shareholders of BIL in exchange for upto 14,798,212 equity shares of BIL held by them. Since in accordance with Clause 4.14.1 of the SEBI Guidelines, the entire pre-Offer shareholding of the Company is required to be locked in for the period of one year from the date of allotment under this Offer, the Scheme will be implemented only when the said Equity Shares are free from lock-in. The Scheme only envisages the transfer of Equity Shares of the Company from BIL to its shareholders and there will be no fresh issuance of Equity Shares by the Company.

* N.M. Raiji & Co. and Kanu Doshi & Associates are both chartered accountancy firms holding certificate of registrations from the Institute of Chartered Accountants of India. They do not hold any certificates as approved valuers from any accredited body. N.M. Raiji & Co. and Kanu Doshi & Associates are not related to the promoter or the promoter group of the Company.

3) Promoters Contribution and Lock – In

All Equity Shares which are being locked in are eligible for computation of Promoters' contribution and are being locked in under clauses 4.6 and 4.11.1 of the SEBI Guidelines.

(a) Details of Promoters contribution locked in for three years

Pursuant to the SEBI Guidelines, an aggregate of 20% of the fully diluted post-Offer capital of the Company held by the Promoters shall be locked in for a period of three years from the date of Allotment in the Offer. The details of such lock-in are given below:

Name	Date of Allotment	Number of Equity Shares	Face Value	Nature of Consideration	Issue Price per Equity Share (Rs.)	% of post-Offer paid-up capital	Lock – in period
BIL	December 18, 1995	100	10	Cash	10	0	3 years
BIL	October 28, 1998	40,620,155	10	Consideration other than cash	10	20	3 years
Total		40,620,255				20	

On successful implementation of the Swap Scheme and this Offer, BIL's shareholding in the Company may be reduced to 113,328,191 Equity Shares representing 55.80% of the post Offer capital of the Company. The actual number of Equity Shares would only be determined after implementation of the Swap Scheme. BIL will implement the Swap Scheme subject to prevailing SEBI guidelines, other applicable laws and when the Equity Shares are free from lock-in.

The Equity Shares proposed to be included as part of the Promoter's contribution have been issued by the Company more than a year prior to the filing of the Prospectus with SEBI and are not ineligible in terms of Clause 4.6 of the SEBI Guidelines for computation of Promoters' contribution.

(b) Details of share capital locked in for one year

In terms of Clause 4.14.1 of the SEBI Guidelines, Promoter's contribution representing 20% of the post-Offer shareholding of the Company shall be locked in for three years as specified above andthe balance pre-Offer share capital of the Company comprising 141,981,019 Equity Shares (excluding the Equity Shares being offered as part of this Offer) will be locked in for a period of one year from the date of Allotment in this Offer.

(c) Other requirements in respect of lock in

In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Offer may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable. Further, in terms of Clause 4.16.1(b) of the SEBI Guidelines, Equity Shares held by the Promoter may be transferred to and among the Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

In accordance with Clause 4.15.1 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoter can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Accordingly, presently 103,581,650 Equity Shares held by BIL are pledged with IDBI and UTI Bank Limited on a pari passu basis in terms of the respective loan agreements with them. The Company has received letters dated February 19, 2007 and February 20, 2007 from IDBI Bank and UTI Bank Limited, respectively, agreeing to release the pledge over the said Equity Shares, subject to the said Equity Shares being re-plegded upon completion of the Offer. Accordingly, the Company has got the said pledge released prior to filing the Red Herring Prospectus with the RoC.

4) Details of transactions in Equity Shares by the Promoters and Promoter Group Companies

The following Equity Shares have been sold or purchased by the Promoter and the Promoter Group Companies, during the period of six months preceding the date on which the Prospectus is filed with SEBI.

Transferee	Transferor	Date on which Shares purchased or sold	Number of Shares	Face value (Rs.)	Consideration (Rs.)	Purchase /Sale Price (per Equity Share)
BIL	GPHL	August 11, 2006	20,500,000	10	1,496,500,000	Rs.73

5) Aggregate Shareholding of the Promoter and nominees

The shareholding of the Promoter and its nominess prior to and post the transfer of Equity Shares under this Offer is as under:

Name	Number of Equity Shares	% of pre and post Offer paid up capital
BIL	131,825,856	64.91
*Joint Holders (Nominees of BIL)**		
Mr. Braj Binani	50	Negligible
Mr. V Subramanian jointly with Mr. Sauvik Nayak	10	Negligible
Mr. Ram Mohan jointly with Mr. P.Sheoran and Mr. A. Babu	10	Negligible
Mr. T R C Nair jointly with Mr. Motilal Bhatter	10	Negligible
Mr. I K Pugalia jointly with Mr. Sushil Mundhra	10	Negligible
Mr. K . Gangadharan jointly with Mr. Rajesh Kumar Bagri	10	Negligible
Total	**131,825,956**	**64.91**

* The Company was earlier a wholly owned subsidiary of BIL. The Company being a public limited company was required to have at least seven shareholders, hence the Company had transferred 100 Equity Shares to six persons who are holding the Equity Shares as nominees of BIL. The beneficial ownership in respect of the 100 Equity Shares rests with BIL.

6) Shareholding Pattern of the Company

The shareholding pattern of the Company before and after the Offer is as under:

Category	Pre-Offer		Post Offer	
	No of Equity Shares	Percentage	No of Equity Shares	Percentage
Promoters (A)				
BIL	131,825,956	64.91	131,825,956 *	64.91
Promoter Group (B)	Nil	Nil	Nil	Nil
Sub-Total (A+B)	131,825,956	64.91	131,825,956 *	64.91
Others (C)				
JPMSSM	50,775,318	25.00	30,275,318	14.91
GPHL	18,500,000	9.11	18,500,000	9.11
Credit Suisse Limestone (Mauritius) Limited	2,000,000	0.98	2,000,000	0.98
Sub-Total (C)	71,275,318	35.09	71,275,318	25.00
Public (D)				
Public	-	-	20,500,000	10.09
Total (A+B+C+D)	**203,101,274**	**100.00**	**203,101,274**	**100.00**

*Note: * inclusive of upto 18,497,765 Equity Shares to be offered under the Scheme of BIL. BIL will implement the Scheme subject to prevailing SEBI Guidelines, other applicable laws and when the Equity Shares are free from lock-in.*

7) Equity shares held by the top ten shareholders of the Company

The details of the top ten shareholders of the Company and the number of Equity Shares held by them are as under:

a) As on the date of, and ten days prior to filing of this Prospectus:

S.No.	Shareholder(s)	Number of Equity Shares	Percentage (%)
1	BIL	131,825,956	64.91
2	JPMSSM	50,775,318	25.00
3	GPHL	18,500,000	9.11
4	Credit Suisse Limestone (Mauritius) Limited	2,000,000	0.98

b) Two years prior to filing of this Prospectus:

S.No.	Shareholder(s)	Number of Equity Shares	Percentage (%)
1	Binani Industries Limited	203,101,274	93.56
2	Sukaram Marketing Limited	1373369	0.6327
3	Raghav Industries Ltd.	1372271	0.6322
4	India Finance Ltd.	1361293	0.6271
5	Credible Nivesh Ltd.	1354706	0.6241
6	Mercurial Finest Ltd.	1344826	0.6195
7	Hazel Traders Pvt. Ltd.	1321936	0.6090
8	Pioneer Finest Ltd.	1317380	0.6069
9	EXV Finvest Limited	1254256	0.5778
10	Goldman Securities Ltd.	1097817	0.5057

8) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares .

9) The Company and its Directors and the BRLM and CBRLM have not entered into any buy-back and/or standby arrangements for purchase of the Equity Shares from any person.

10) There has been no revaluation of assets of the Company in the last five years.

11) Oversubsciption to the extent of 10% of the Offer can be retained for the purpose of rounding off while finalising the basis of Allotment.

12) The Company does not have any ESOS or ESPS scheme in place, and thus no options have been granted or shares issued pursuant to an ESOS or ESPS.

13) The Company has 10 members as of October 31, 2006 (including the six nominees of BIL).

14) The Company has received a "no-objection" letter from RBI for the participation of Non-resident investors to acquire Equity Shares pursuant to its letter no. FE.CO.FID/12096/10.21.047/2006-07 dated December 4, 2006. The final permission of the RBI for acquisition of Equity Shares is to be received on completion of certain filing requirements. Subject to obtaining such approvals, it will not be necessary for the investors to seek separate permission from the FIPB/RBI for this specific purpose. However, it is to be distinctly understood that there is no reservation for NRIs and FIIs and all NRI and FII Bidders will be treated on the same basis with other categories for the purpose of Allocation.

15) At least 60% of the Offer shall be available for Allocation on a proportionate basis to QIBs, up to10% of the Offer shall be available for Allocation on a proportionate basis to Non Institutional Bidders and up to 30% of the Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. From the existing QIB Portion, 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

16) There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed.

17) At present the Company does not have any intention or proposal to alter its capital structure for a period of six months from date of opening of the Offer, by way of split/consolidation of the denomination of Equity Shares or to make a further issue of equity shares (including issue of securities convertible into equity shares) whether preferential or otherwise except ESOPs, if any, or if the Company enters into acquisition or joint ventures or make investments, in which case the Company may consider raising additional capital to fund such activity or use equity shares as a currency for acquisition or participation in such joint ventures or investments.

18) The Company has not issued any Equity Shares out of revaluation reserve or bonus Equity Shares out of its free reserves.

19) At any given point of time there shall be only one denomination of Equity Shares, unless otherwise permitted by law, and the Company shall comply with such disclosure and accounting norms as are specified by SEBI from time to time.

OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing on the Stock Exchanges and to carry out the sale of 20,500,000 Equity Shares by the Selling Shareholder. Listing of the Equity Shares will enhance the brand name of the Company and provide liquidity to the existing shareholders. Listing will also provide a public market for the Equity Shares in India. The Company will not receive any proceeds from the Offer.

BASIS FOR THE OFFER PRICE

The Offer Price will be determined by the Company in consultation with the Selling Shareholder and the BRLM, on the basis of assessment of the market demand for the Equity Shares, by way of the Book Building Process.

Qualitative Factors:

The Company's competitive strengths include:

- It is one among the leading players in the cement industry in Northern and Western India with a market share of 13 % as on June 30, 2006 and 7 % as on March 31, 2006 in Rajasthan and Gujarat respectively.
- The 'Binani' brand has established significant brand recall primarily on account of attributes such as strength, quality and consistency.
- It has a strong management team and motivated work force.
- It is an existing profit making company in operation for more than eight years in the Indian cement industry with an annual production of 2.25 MTPA. Average EBIDTA in the last five years has been in the region of Rs.1000 million.
- It has control over the major raw material chain with captive limestone mines sufficient for about 30 years of its operations, captive power unit of 25MW which caters to about 70-75% of its present power requirement.
- The operational efficiency of the Company is comparable with the best in the cement industry. With its good technical base, lower overheads, international standard manufacturing facilities and effective marketing network, the Company has shown consistent growth in revenues and profits.
- Its current expansion plan has increased the clinker capacity by 2.3 MTPA and cement production from 2.25 MTPA to 5.3 MTPA and is in the process of adding another 44.6 MW of captive power plant.
- The Binani group has the expertise to implement projects in the shortest time span. Its Green Field cement plant was completed in 19 months from effective date of the order for the main plant and machinery. Its cement expansion project has been completed in 18 months time.
- J. P. Morgan Chase has invested Rs.2500 million in the Company – Rs. 1200 million by way of acquiring 25% equity stake and Rs.1300 million as debt for the expansion project.
- GPHL and its affiliate have invested Rs. 1,496 million for acquiring 20,500,000 Equity Shares in the Company at Rs. 73 per Equity Share..

The expansion cost of Rs.5750 million is to be funded with a debt – equity mix of 1.13: 1. All orders have been placed. The Company's expanded cement capacity is expected to commence commercial operations in May 2007. Post expansion, the Debt Equity for the Company will be 1.47:1.

Quantitative Factors

1. Adjusted EPS of face value of Rs.10

Rs. in million

Period	Adjusted PAT Rs. In million	No. of shares	EPS (Rs.)	Weights
Year ended March 31, 2004	35	217,067,708	0.16	1
Year ended March 31, 2005	21	217,067,708	0.1	2
Year ended March 31, 2006	518	203,101,274	2.55	3
9 months ended December 31, 2006	701	203,101,274	3.45	4
Weighted Average			**2.18**	

The EPS has been computed on the basis of adjusted profit and losses for the respective years/ periods.

2. P/E Ratio* ratio in relation to Offer Price of Rs. 75 per Equity Share

a. Based on the annualized period ended December 31, 2006 EPS is 21.74

b. Based on year ended March 31, 2006 EPS is 29.41

c. Based on weighted average, EPS of 34.40

*would be calculated after discovery of the Offer Price through the Book-Building Process

3. Return on Networth

Period	Adjusted PAT Rs. In million	Adjusted Networth Rs. In million	Return on Net Worth (%)	Weights
Year ended March 31, 2004	35	2,209	1.57%	1
Year ended March 31, 2005	21	2,229	0.92%	2
Year ended March 31, 2006	518	2,401	21.57%	3
9 months ended December 31, 2006	701	3,102	22.61%	4
Weighted Average			**15.86%**	

The Return on Networth has been computed on the basis of adjusted profit and losses for the respective years / period.

4. Minimum Return on increased networth required to maintain pre- issue EPS.

This being an Offer for Sale by an existing Shareholder there is no change in the networth of the Company post-Offer.

5. Net Asset Value per Equity Share as at December 31, 2006 is Rs 15.27

6. Net Asset Value per Equity Share after the Offer

This being an Offer for Sale by an existing Shareholder there is no change in the net asset value of the Company post-Offer.

- Offer Price per Equity Share: Rs. 75
- Offer Price per Equity Share will be determined on conclusion of the Book Building process.

7. Comparison of Accounting Ratios

The comparable ratios of companies which are, to some extent, similar in business are given below:

	EPS (Rs.)	P/E	Return on Net Worth (%)	Net Asset Value (Rs.)
Binani Cement Limited	2.55	-	21.57	11.82
Industry				
Gujarat Ambuja	3.3	23.6	22.3	16.0
Ultratech	4.3	97.6	0.3	85.8
ACC	18.3	23.5	25.7	85.0
Shree Cement	14.7	32.8	10.8	83.1
J K Cement	3.1	50.6	2.5	10.9
Birla Corp	10.2	22.7	31.7	38.5
OCL India	8.8	17.3	17.8	44.6

EPS and PAT have been calculated for the last four available quarters; Net Worth and net asset value are based on last audited financial results for the year ending March 31, 2006 / June 30, 2006 as the case may be.

Source: Capital Markets, Prowess

8. The Offer Price is 7.5 times of the face value at the lower end of the Price Band and 8.5 times of the face value at the higher end of the Price Band. The Offer Price of Rs. 75 per Equity Share has been determined by the Company in consultation with the Selling Shareholder and the BRLM on the basis of assessment of market demand for the Equity Shares by way of the Book Building Process and is justified on the basis of the above factors.

9. The BRLM believes that the Offer Price of Rs. 75 per Equity Share is justified in view of the above qualitative and quantitative parameters. To have a more informed view, please refer to the section titled "Risk Factors" on page x of this Prospectus and the section titled "Financial Statements" beginning on page 103 of this Prospectus.

STATEMENT OF TAX BENEFITS

To:
The Board of Directors
Binani Cement Limited
Mercantile Chambers, 2nd Floor,
12, J. N. Heredia Marg,
Ballard Estate,
Mumbai – 400 001.

Dear Sirs,

Re: Statement of Possible Direct Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits available to Binani Cement Ltd. ("Company") and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been or would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated by you. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Binani Cement Limited. Deloitte Haskins & Sells, India shall not be liable to Binani Cement Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. Deloitte Haskins & Sells will not be liable to any other person in respect of this statement.

Thanking you,

Yours faithfully,

For Deloitte Haskins & Sells
Chartered Accountants

(P. B. Chhapgar)
Partner

Date: 8 November 2006
Place: Mumbai

For Kanu Doshi Associates
Chartered Accountants

(Jayesh Parmar)
Partner

Date: 8 November 2006
Place: Mumbai

ANNEXURE

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO BINANI CEMENT LIMITED AND TO ITS SHAREHOLDERS

A. Under the Income Tax Act, 1961 ("the Act")

I. Benefits available to the company

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies) is exempt from tax.

2. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:

   a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or

   b. Income received in respect of units from the Administrator of the specified undertaking; or

   c. Income received in respect of units from the specified company:

   However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

   For this purpose (i) "Administrator" means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) "Specified Company" means a company as referred to in section 2(h) of the said Act.

3. As per section 10(38) of the Act, Long term capital gains arising to the Company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax will be exempt in the hands of the Company.

   For the purpose "Equity Oriented Fund" means a fund –

   (i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five percent of the total proceeds of such funds; and

   (ii) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

   As per section 115JB, while calculating "book profits" for the purpose of "Minimum Alternate Tax", the Company will not be entitled to reduce the long term capital gains to which the provisions of section 10(38) of the Act apply.

4. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

6. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

7. As per section 112 of the Act, long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds (in cases not covered under section 10(38) of the Act) will be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company.

II. Benefits available to Resident Shareholders

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

3. As per section 111A of the Act, short term capital gains arising from the sale of equity share of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

4. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

   A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

   a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

   b. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

6. As per section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu

Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

(a) if the individual or Hindu Undivided Family-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

- purchases another residential house within a period of one year after the date of transfer of the shares; or

- constructs another residential house within a period of three years after the date of transfer of the shares; and

(b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration will be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

7. As per section 112 of the Act, long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds (in cases not covered under section 10(38) of the Act) will be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less.

8. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business will be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits and Gains of Business or Profession" arising from taxable securities transaction subject to certain limit specified in the section. As such, no deduction will be allowed in computing the income chargeable to tax as "capital gains" or under the head "Profits and gains of Business or Profession" for such amount paid on account of securities transaction tax.

III. Benefits available to Non-Resident Indians/Non-Resident Shareholders (Other than FIIs and Venture Capital Companies / Funds)

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

3. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

4. As per the first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with

such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case. As per section 112 of the Act, long-term capital gains, if any, on sale of shares of the Company (in cases not covered under section 10(38) of the Act) will be charged to tax at the rate of 20% (plus applicable surcharge and education cess).

5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

   A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

   (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

   (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

6. As per section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

   (a) if the individual or Hindu Undivided Family-

      – owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

      – purchases another residential house within a period of one year after the date of transfer of the shares; or

      – constructs another residential house within a period of three years after the date of transfer of the shares; and

   (b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

   If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration will be exempt.

   If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred

7. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business will be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits & Gains of Business or Profession" arising from taxable securities transaction, subject to certain limit specified in the section. As such, no deduction will be allowed in computing the income chargeable to tax as "capital gains" or under the head

"Profits and gains of Business or Profession" for such amount paid on account of securities transaction tax.

8. As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, long term capital gains arising on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.

9. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act, then such gains would not be chargeable to tax on a proportionate basis. Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

10. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

11. As per section 115H of the Act, where a Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

12. As per section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

IV. Provisions of the Act vis-à-vis provisions of the Tax Treaty

In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

V. Benefits available to Foreign Institutional Investors ('FIIs')

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the FIIs.

3. As per section 115AD read with section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

4. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provisions of section 10(38) of the Act at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in section 111A)	30

The above tax rates will have to be increased by the applicable surcharge and education cess.

In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

5. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a “long term specified asset” within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A “long term specified asset” means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

VI. Benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

VII. Benefits available to Venture Capital Companies / Funds

As per section 10(23FB) of the Act, all Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from sale of shares of the company. However, income received by a person out of investment made in a venture capital company or in a venture capital fund will be chargeable to tax in the hands of such person.

B. Benefits available under the Wealth Tax Act, 1957

Asset as defined under section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

C. Benefits available under the Gift Tax Act.

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

NOTES:

(i) All the above benefits are as per the current tax laws.

(ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company.

Our views expressed herein are based on the facts and assumptions indicated by you. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Binani Cement Limited. Deloitte Haskins & Sells, India shall not be liable to Binani Cement Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. Deloitte Haskins & Sells will not be liable to any other person in respect of this statement.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

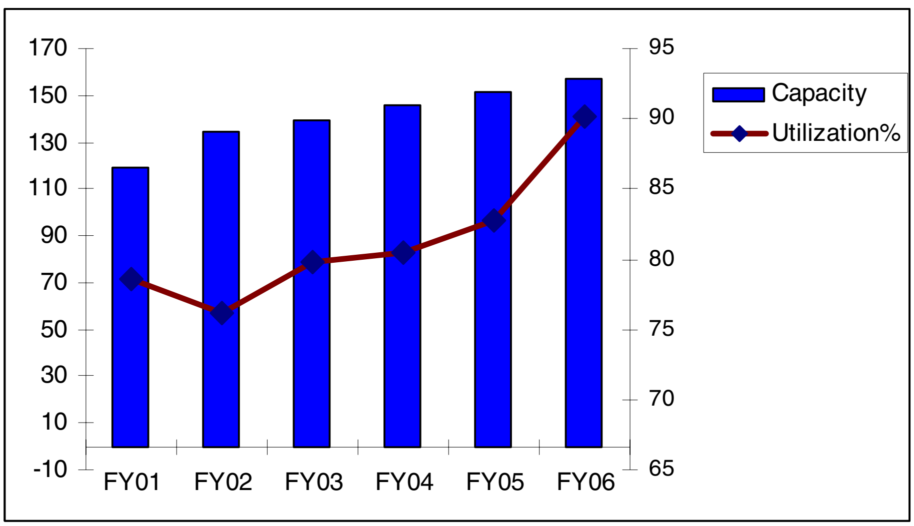
The information presented in this section has been extracted from publicly available documents and industry publications and has not been prepared or independently verified by BRLM, CBRLM or the Legal Advisor, or any of the Company or their respective affiliates or advisors. Unless otherwise indicated, all quantitative information relating to the cement industry in India has been taken from CMA, ICRA or CRIS INFAC reports.

General Overview

Cement production in India commenced in 1914. Severe competition from imported cement, coupled with various governmental price and distribution controls, resulted in the slow growth of the Indian cement industry in the earlier years. In the subsequent 65 years, 27 MnT of cement capacity was added. This situation was reversed in the 1980s when the industry was partially decontrolled. This resulted in substantial increase in the capacity and production of cement. Nearly 30 MnT of capacity was added during the 11 years from 1980 to 1990, thereby adding more capacity during one decade than had been added during the previous seven decades. Encouraged by the creation of substantial new capacity and the lowering of prices, the GoI freed the industry from price and distribution controls on March 1, 1989 and delicensed it on July 25, 1991, leading to a spurt in cement production capacities. During the period from 1991 to 2005, approximately 93 MnT of fresh capacity of cement was added. Since the 1980s, cement capacity has steadily outpaced its demand, and India has grown to become the second largest cement producer in the world, India is also estimated to have approximately 90 billion tonnes of limestone reserves, the main raw material used in the manufacture of cement.

As on March 2006, the Indian cement industry comprised over 54 cement producers, operating 130 large cement plants with an average installed capacity of 160 MnT. However the per capita consumption of 106 kgs of the country compares poorly with the world average of 260 Kg. ***Source: CMA, March, 2006***

The Indian cement industry has made significant progress upgrading and assimilating the latest technology. At present, 95% of the total capacity in the industry is based on modern, environment-friendly and energy-efficient dry process technology, with only 5% of the capacity based on old wet and semi-dry process



Source: CMA

In 2002, global cement production was reported at 1.7 billion tonnes, with China accounting for nearly 37% of the total output of cement in the world. India was the second largest producer with 6.7% of the total output of cement in the world, closely followed by the United States at 5%. During 1998 to 2002, world cement production grew at a CAGR of 3.8% with demand remaining subdued in most markets on account of the various crises faced by different economies. However, during the same time, the Indian cement industry recorded a CAGR in cement production of 5.5%, principally due to improved economic conditions and increased construction activity. Despite this comparatively high growth rate enjoyed by the Indian cement industry, India's per capita cement consumption of 106 kgs p.a was amongst the lowest in the world, with other developing nations like Egypt and Thailand having per capita consumption of cement in the region of 370 to 450 kgs p.a. respectively, in 2002. ***Source: Cris Infac***

One of the defining features of the Indian cement industry is its highly clustered nature, as cement units are concentrated in close proximity to the limestone deposits. Competition is also localized because the cost of transportation of cement to distant markets often results in the product being uncompetitive in those markets. Hence, cement units tend to be located close to both limestone deposits, as well as to the markets those units service. This is one of the key factors, which has resulted in the Indian cement market being more regional and fragmented in nature.

Market share of Top five Players in 2005-06 is: Holcim group (21.2%), Grasim group (20%), India Cements (5.6%), Century Textiles (4.0%), Jaiprakash Industries (3.9%) In 2006, the five largest cement companies together controlled 44.7% ***Source: Cris Infac***

Indian Cement Capacity, Production, Capacity Utilization Rate and Demand

During 1997-98 to 2005-06, the installed capacity of cement in the industry increased at a CAGR of 6.8% to 160 MnT. During the same period, while there was no significant change in capacity utilization, production growth marginally outpaced capacity growth by growing at a CAGR of 7.6%. The table below discusses capacity, production and capacity utilization in the cement industry over the past five years

India: Cement Capacity, Production and Utilization Rate

	FY01	FY02	FY03	FY04	FY05	FY06
Capacity [(1)](MnT)	119.2	134.4	139.6	145.9	151.7	157.2
Production (MnT)	93.6	102.4	111.4	117.5	125.6	141.8
Capacity Utilization (%)	78.6	76.2	79.8	80.5	82.8	90.2

Source: CMA

Note:
(1) The capacity of the industry is taken as the sum total of the installed capacity of the large players and does not include the total capacity of mini-cement players (i.e. smaller producers with individual capacity up to 300,000 tonnes), which has been estimated at 12 MnT. Of the total capacity, 7.37 MnT is not in operation. Capacity given here is the capacity as at year end.

The Indian cement market, on account of its regional nature, is broken down into the key markets of Northern, Southern, Eastern, Central and Western India, for purposes of understanding regional dynamics.

The following table highlights production, demand and capacity trends by region for the key markets in India. As can be seen, the Southern and Western parts of India account for 31.4% and 30.4% of total cement capacity respectively, with the Northern market constituting another 23.1% of total capacity.

(million tonnes)	2003-04		2004-05		2005-06 H1	
	Capacity[1]	Demand	Capacity[1]	Demand	Capacity[1]	Demand
North	**32.38**	**36.26**	**35.12**	**38.37**	**21.03**	**23.06**
Chandigarh	-	0.19	-	0.19	-	0.12
Delhi	0.50	3.39	0.50	3.75	0.29	1.98
Haryana	0.17	3.72	0.17	4.25	0.10	2.74
Himachal Pradesh	4.06	1.38	4.06	1.45	2.37	0.92
Jammu and Kashmir	0.20	0.81	0.20	0.95	0.12	0.61
Punjab	3.04	5.40	3.91	5.23	2.45	3.22
Rajasthan	18.89	6.61	19.52	6.97	11.43	4.64
Uttar Pradesh	5.52	13.40	6.76	14.12	4.27	7.85
Uttaranchal	-	1.36	-	1.47	-	0.96
West	**44.78**	**28.58**	**47.05**	**31.62**	**27.60**	**17.58**
Goa	-	0.49	-	0.76	-	0.29
Gujarat	17.12	7.84	17.63	8.71	10.28	4.77
Madhya Pradesh	16.19	5.57	17.44	6.29	10.32	3.38
Maharashtra	11.47	14.68	11.98	15.85	7.00	9.12
East	**22.98**	**17.47**	**23.43**	**20.33**	**13.75**	**12.68**
Assam	0.20	1.02	0.20	1.12	0.12	0.65
Bihar	1.62	3.13	1.62	3.80	0.95	2.61

(million tonnes)	2003-04		2004-05		2005-06 H1	
	Capacity[1]	Demand	Capacity[1]	Demand	Capacity[1]	Demand
Chhattisgarh	10.25	1.42	10.67	2.06	6.31	1.56
Jharkhand	4.58	2.03	4.58	2.31	2.67	1.46
Orissa	3.01	3.38	3.04	3.86	1.77	2.25
West Bengal	3.12	5.78	3.12	6.22	1.82	3.70
Meghalaya	0.20	0.72	0.20	0.95	0.12	0.44
South	**46.25**	**31.47**	**46.85**	**30.75**	**28.49**	**22.16**
Andhra Pradesh	21.10	8.01	21.48	7.77	13.49	6.49
Karnataka	10.19	8.23	10.19	7.64	6.14	5.19
Kerala	0.42	5.82	0.62	6.07	0.36	3.63
Tamil Nadu	14.55	9.10	14.56	8.97	8.50	6.62
Others[2]	-	0.31	-	0.30	-	0.23
Total	**146.39**	**113.79**	**153.59**	**121.07**	**90.87**	**75.48**

Notes
1 Capacity is available capacity, which is the monthly add-up of capacity
2 Includes Pondicherry, and the Andaman and Nicobar Islands
H1: April-October
Source: CMA

Northern India

Northern India is in a significantly positive phase, with regional demand of cement exceeding the regional supply thereof. It accounts for almost 20% of the total cement consumption in the country. The total consumption in Northern India in 2005-06 was 27.06 MnT. State-wise growth and consumption figures given below.

(figures in 000' Tonnes)

State	FY02	FY03	FY04	FY05	FY06
Rajasthan	5213	6164	6610	6967	8272
Growth %		18	7	5	19
Haryana	3253	3448	3722	4246	4927
Growth %		6	8	14	16
Punjab	4884	5251	5397	5235	5654
Growth %		8	3	-3	8
Delhi	2946	2968	3388	3751	3504
Growth %		1	14	11	-7
Himachal Pradesh	1253	1430	1383	1451	1592
Growth %		14	-3	5	10
Chandigarh	317	221	193	189	264
Growth %		-30	-13	-2	40
Uttaranchal	828	1128	1358	1469	1827
Growth %		36	20	8	24
Jammu & Kashmir	785	707	810	948	1014
Growth %		-10	15	17	7
Total Northern Region	**19,479**	**21,317**	**22,861**	**24,256**	**27057**
Growth %		**9**	**7**	**6**	**12**

Source: CMA

The demand supply situation is further expected to improve from the perspective of the cement manufacturers; with demand continuing to grow at 7~8% CAGR, while no new kilns are expected to come up before December 2006. Prices in North India have also increased by more than 20~25% since November 2003, and continue to be firm, irrespective of short-term fluctuations.

Industry Prices: Cement						
	Unit	Aug 2005	Jul 2006	Aug 2006	Change (per cent)	
					Month	Year
Domestic prices						
Western region						
Surat	Rs per bag	109	130	131	1.0	20.2
Ahmedabad	Rs per bag	102	130	131	1.0	27.9
Pune	Rs per bag	96	132	131	-0.8	37.0
Nagpur	Rs per bag	93	124	125	0.8	34.1
Mumbai	Rs per bag	99	133	129	-3.1	30.5
Northern region						
Delhi	Rs per bag	117	147	146	-0.8	25.2
Eastern region						
Kolkata	Rs per bag	109	109	108	-0.8	-0.5
Southern region						
Hyderabad	Rs per bag	85	129	129	0.0	51.9
Bangalore	Rs per bag	100	138	138	0.0	37.8
Calicut	Rs per bag	102	126	124	-1.7	21.9
Chennai	Rs per bag	92	118	117	-0.6	27.7
Note: Prices indexed to prices in April 2001.						
Source: CRIS INFAC						

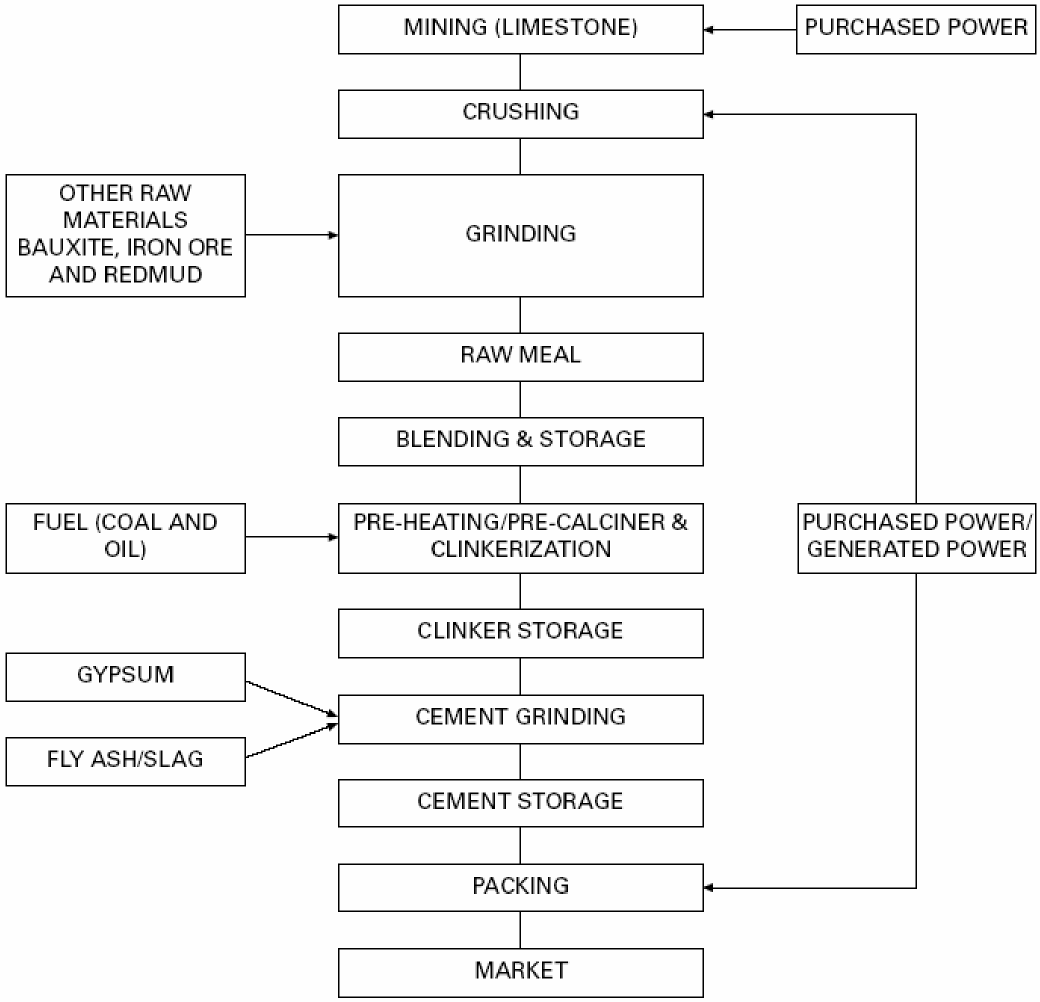
Manufacturing Process of Cement

The production process for cement consists of drying, grinding and mixing limestone and silica into a powder known as a raw meal. The raw meal is then heated and burnt in a pre-heater and kiln and then cooled in an air cooling system to form a semi-finished product, known as a clinker. Clinker (95%) is cooled by air and subsequently ground with gypsum (5%) to form OPC. Other forms of cement require increased blending with other raw materials. Blending of clinker with other materials helps impart key characteristics to cement, which eventually govern its end use. Cement is typically manufactured by one of the three processes, wet, semi-dry, or dry.

The basic differences between these processes are the form in which the raw meal is fed into the kiln, and the amount of energy consumed in each of the processes. In the dry process, the raw meal is fed into the kiln in the form of a dry powder thereby resulting in energy savings, in the wet process it is fed into the kiln in the form of slurry. The semi-dry process consumes more energy than the dry process, but lesser than the wet process.

Production Process

The following diagram sets forth the process of manufacture of cement:



There are two general processes for producing clinker and cement in India: a dry process and a wet process. The basic steps involved in such processes are set out below:

Dry process

In dry process production, limestone is crushed to a uniform and usable size, blended with certain additives (such as iron ore and bauxite) and discharged on to a vertical roller mill where the raw materials are ground to fine powder. An electrostatic precipitator dedusts the raw mill gases and collects the raw meal for a series of further stages of blending. The homogenized raw meal thus extracted is pumped to the top of a preheater by air lift pumps. In the preheaters the material is heated to 750°C. Subsequently, the raw meal undergoes a process of calcination in a precalcinator (in which the carbonates present are reduced fed to the kiln. The remaining calcination and clinkerization reactions are completed in the kiln where the temperature is raised to 1,450-1,500°C. The clinker formed is cooled and conveyed to the clinker silo from where it is extracted and transported to the cement mills for producing cement. For producing OPC, clinker and gypsum are used and for producing PPC, clinker, gypsum and fly ash are used.

Wet process

The wet process differs mainly in the preparation of raw meal where water is added to raw materials to produce slurry. The chemical composition is corrected and the slurry is then pumped to the kiln where evaporation of moisture, preheating, calcinations and sintering reaction takes place. The clinker is cooled and transported, as in the case of other plants, with suitable conveyors to cement mills for grinding. The wet process is more energy intensive, and thus becomes expensive when power and energy prices are high.

Special cement

The basic process outlined above can be modified slightly in order to make cements with special characteristics. In the case of sulphate resistant cement, the raw mix is designed so as to produce clinker with enhanced iron content. Once the raw mix has been properly designed further processing is similar to the production of OPC.

Cement Varieties

Three basic varieties of Portland cement are sold in India based on the different blending compositions (according to specific end-uses), namely OPC, PPC and PSC. The basic difference among these cements is in the percentage of clinker used, and the quantum and nature of blending done at the grinding stage. Since the clinkerization capacity is the most capital intensive part of a cement plant, blending of cement effectively raises capacity without requiring any significant investments for extra grinding and packing capacity. The quantum of blending in each variety of cement, the requisite strength, and other parameters of the cement variety sold are governed by the BIS. The key types of the cements and their uses are discussed below:

OPC

OPC is used for general construction purposes, such as in the building of houses, high-rise buildings, bridges and roads and comprised 39.96% of the total cement sales in the country for the year ended March 31, 2006.

PPC

PPC differs from OPC in that it contains up to 35% pozzolanic materials, in accordance with the BIS, with the fly ash from thermal power stations being the most commonly used variety. PPC is also regarded to have better durability properties and is better suited for mass concreting, such as in the construction of dams and barrages. PPC comprised almost 51.65% of total cement sales in India for the year ended March 31, 2006. PPC production as a percentage of total production has more than doubled from being 18.9% in 1997-98 to being 52% in 2005-2006.

PSC

PSC differs from OPC in that it contains between 25% and 65% granulated blast furnace slag from steel plants, in accordance with the BIS. Since this cement gives rise to more impermeable concrete and is capable of resisting ingress of deleterious reagents, it is better suited for construction in a coastal environment. PSC accounted for 7.9% of the total cement produced in India for the year ended March 31, 2006. Over the past few years, there has been a distinct trend towards increasing usage of blended cements having lower quantity of clinker.

Industry Characteristics

Units concentrated in proximity to raw material sources or markets

Since cement is a bulk commodity, the transportation costs contribute significantly to its overall cost. In order to minimize these costs, most cement manufacturing units are located near limestone reserves. As a result cement manufacture and sale is largely regional in nature with manufacturing units concentrated in specific locations called “clusters”. Presently, the industry operates out of 12 clusters across India. 94% of total domestic capacity is accounted by the nine states of Madhya Pradesh (Central region), Rajasthan, Himachal Pradesh (Northern region), Orissa (Eastern region), Gujarat, Maharashtra (Western region), Karnataka, Tamil Nadu, and Andhra Pradesh (Southern region). The concentration of capacity in these regions is largely due to the presence of limestone deposits. As per the Planning Commission, over 45% of the inventory of cement grade limestone is in the Southern region, followed by the Northern region with 23%, the Western region with 20% and the Eastern region with 10.4%.

Energy-intensive

Coal and power costs constitute a major share of total cement production costs, depending on the manufacturing process, with the wet process more energy-intensive than the dry process. Coal is used to fire kilns, and as a source of fuel for the captive power plants set up by the cement manufacturers. To economize on costs, companies are increasingly using high-quality imported coal because of its high calorific content as compared to domestic coal. At the same time they are also shifting to captive power to avoid the high power tariffs and frequent power cuts in certain regions associated with locally supplied grid power. As a result of these initiatives average energy consumption in the industry has been declining, resulting in reduced energy costs.

High freight costs

Due to the bulky nature of cement, outward freight costs account for a high proportion of total cost. Hence, companies prefer to be close not only to the limestone quarries, but also to the cement markets.

Regional variations and volatility in prices and margins

Cement prices and margins vary across regions due to the variation in the supply-demand balance, the level of concentration and demand growth. Historically, prices in the Southern region have been the highest. Due to a significant increase in production capacity prices were subject to intense pressure. However, during the last two years, as capacity increases have slowed down and demand steadily increased, prices have begun to increase. Traditionally, prices in the Northern region have remained lower than the rest of the country because of the highly fragmented nature of the market. However, in the last few years, the price has witnessed an upward swing in the northern region.

Regional distribution of demand

Industry competition is regionalised since the low-value commodity makes transportation over distances uncompetitive. Hence, large players like Gujarat Ambuja and Grasim Industries Limited, despite having the largest market share across the country have to compete with efficient single unit players like Shree and the Company.

Cement consumption also varies across regions because of the differences in the demand-supply balance, per capita income and the level of industrial development in each region. Hence, entry and growth strategies have to be designed after considering relative growth of regional demand and optimising logistics in transporting cement to the right market.

There also exists a significant imbalance in cement demand between the different regions. Cement consumption varies across regions because of the differences in the demand-supply balance, per capita income and the level of industrial development in each state of the region.

Minimal Import of Cement on account of existing duty structure, and other non-tariff barriers

Imports of cement into India are taxed at the rate of 10% (basic duty). In addition, the GoI levies countervailing duty of Rs. 408 per tonne. Currently, the total duty on cement imports amounts to approximately 35%. While the GoI has announced its commitment to further easing of import restrictions and phased reduction of customs tariffs, there are other significant non-tariff barriers that hinder cement importers from entering the Indian market, including the cost competitive nature of the Indian cement industry and the predominance of retail, rather than wholesale, distribution of cement products in India. In addition, cement is sold mostly in bags in India whereas imports are normally in bulk. In order to be able to distribute the imported bulk cement, not only would the importer be required to set up bulk storage and bagging facilities at the port of call, but also a distribution network to carry its product.

Incentives, Taxes and Indirect Taxes

Cement in India is a highly taxed commodity with various taxes and levies comprising a significant portion of the end-user price. The key levies on cement are excise duty and sales tax. Excise duty is a tax on manufacturing in India and is payable on dispatch of the cement from the factory. While most manufactured goods in India attract an ad-valorem duty, cement attracts a fixed levy of Rs.408 per tonne. On the other hand, clinker sold directly (i.e. without grinding it into cement) attracts a lower fixed levy of Rs.357 per tonne. Sales tax is a levy by a State Government on sales originating from that State. Most States in India levy VAT on cement sales at an ad-valorem rate of 12.5%. Effective April 2006, the State of Rajasthan has implemented the VAT regime with a rate of 12.5%. Historically, sales tax incentives were one of the key factors which drove the creation of new capacity in the country. With these incentives being withdrawn, one of the key factors that had driven the creation of excess capacity in the country has been neutralized.

Recent Trends

Slow down in the increase in capacity

The table below depicts the capacity creation in the last few years.

in MnT except percentages	FY02	FY03	FY04	FY05	FY06
Capacity Addition	15.2	5.2	6.4	5.8	5.5
Percentage increase in Capacity	12.8%	3.9%	4.6%	4.0%	4.0%
Percentage increase in Demand Growth	9.6%	8.7%	5.9%	8.1%	10.1%
Source: CMA					

The significant increase in capacity during the year ended March 31, 2001 and the year ended March 31, 2002 was driven primarily by the impending phasing out of the government's sales tax incentives. In 1999, the State Governments decided to withdraw the sales tax incentives that were extended to new manufacturing units and for expansion of existing capacity. However, projects that had already commenced or were in the pipeline were exempted from this provision. This resulted in a rush amongst the cement producers to set up capacities and avail themselves of this benefit before it was phased out. With sales tax incentives for new capacity creation standing withdrawn, one of the key factors that had driven the creation of fresh capacity and led to a supply overhang in the country stands neutralized.

As a result of the sales tax incentives being withdrawn, and the existing supply surplus in the country, very little fresh greenfield capacity is expected to come into the market in the next two years. With increasing demand driving capacity utilizations, the demand supply imbalance is generally expected to narrow in the near term.

Cyclical nature with growth in economy

With the upswing in the economy, the demand for cement is growing, mainly due to the boom in the housing sector, which increases spending for infrastructure development and other industrial activity. With GDP expected to maintain a growth rate of 6.5%-8%, the cement industry is to expected to grow at the same rate. However, the costs of the raw materials, limestone and coal, have been on the rise, which along with increasing demand have led to the upward movement in cement prices.

Increasing demand from housing and infrastructure

Over the last decade, growth in cement consumption has been driven almost entirely by private housing and commercial construction activities. With retail interest rates falling to historic lows, credit offtake in the form of housing loans showing a significant increase, and tax incentives given to housing loans expected to continue, it is expected that the robust demand generated by this sector will continue. In addition to demand from housing, in recent GoI budgets, the GoI has indicated its strong commitment towards developing infrastructure in the country and has undertaken several large projects involving construction of ports, airports, power plants, and highways linking different parts of the country. Some of the key infrastructure projects, which have been announced and are underway, include:

- The Golden Quadrilateral Project: This project proposes to link the key metropolitan cities of Delhi-Mumbai-Chennai-Kolkata (approximately 5,800 kilometers). Approximately 1,600 kilometers of roads in this project are expected to be concrete roads.

- The East-West and North-South Road Corridors: This project envisages constructing roads that will transverse India (approximately 7,000 kilometers). In addition the government has also announced plans to build roads (approximately 200,000 kilometers) linking every village in the country which has a population of over 1,000.The increased focus on infrastructure development, together with the increasing demand for housing and commercial construction are expected to drive growth of the cement industry going forward.

The NCAER has conducted a study of demand for cement at the request of Ministry of Commerce and Industry, GoI and the NCCBM. The major observations from this study are:

- The key drivers of cement consumption are the growth in GDP per capita income, rate of urbanization across the states, policy inducements by the Central Government and State Governments such as interest rates on housing loans, tax incentives on housing, etc affecting end use.

- Under an average growth scenario, domestic demand for cement in India is estimated to grow to 213 MnT by 2010-11 at CAGR of 8.59%. Substantial funds are required for creating additional capacity and the gestation period required in setting up green field capacity is very long. Market observers such as CRIS INFAC have observed that with cement prices firming up and demand expected to remain strong, profitability of cement companies could see a marked improvement.

Upswing in exports

Cement exports have been growing at a CAGR of 11.45% since 1997-98, with export prices reaching a high of US$42 to US$48 per tonne in 2005-06. The year-on-year growth during 2004-05 was around 21% due to higher realizations. In order to take advantage of the high export prices, coastal plants have been exporting their additional production, thereby reducing supply pressure in the domestic market. India mainly exports cement and clinker to its neighboring countries and the countries in Africa and West Asia. Going forward, with significant redevelopment activity expected in Afghanistan and Iraq, India's proximity to these markets is likely to further boost exports.

Consolidation

Currently, the cement industry in India continues to be highly fragmented as compared to other cement producing countries. Though the share of cement production of the top eight cement companies has risen to 60% in 2004-05 from 23% in 1995, there are still over 45 different cement companies in India which have less than 2 MnT of cement capacity, and which are likely targets for further consolidation in the sector. Foreign cement companies, most notably Lafarge, Holcim and Italcementi, over a period of time have acquired certain local interests as part of their entry strategy into India. At the same time the larger Indian cement companies too have acquired cement companies and/or plants in order to consolidate their position and reap the benefits of economies of scale and stronger pricing power. The following table sets forth the estimated market share of the eight largest Indian cement producers by market share for the year ended March 31, 2006

Cement: Region-wise market shares					
(per cent)	**2001-02**	**2002-03**	**2003-04**	**2004-05**	**2005-06 H1**
North	**31.8**	**31.7**	**31.9**	**31.7**	**30.6**
ACC	15.4	15.4	16.2	16.3	16.5
Gujarat Ambuja	13.0	12.9	13.5	14.2	15.7
Grasim	10.4	12.0	12.1	12.1	12.5
Birla Corp	8.7	8.5	8.7	8.6	8.2
Jaiprakash Inds	9.1	8.6	7.8	8.0	7.8
Shree Cement	7.4	8.0	7.9	7.9	7.7
West	**25.4**	**25.0**	**25.1**	**26.1**	**23.3**
Ultratech Cement Ltd	23.2	21.8	20.2	19.5	18.2
Gujarat Ambuja	11.9	15.3	17.2	16.3	16.1
Grasim	14.7	14.6	13.6	13.7	13.1
ACC	9.1	10.4	10.0	9.7	10.3
Century Textiles	5.5	4.8	4.9	5.0	6.0
East	**16.5**	**15.8**	**15.4**	**16.8**	**16.8**
Lafarge	20.4	18.7	18.9	18.3	17.0
ACC	15.4	14.3	16.2	17.3	16.9
Century Textiles	11.1	11.3	11.5	12.8	14.9
Ultratech Cement Ltd	12.8	13.1	12.9	12.5	11.4
Gujarat Ambuja	8.0	7.9	7.8	7.8	7.5
Grasim	6.8	6.9	7.2	7.2	8.3
South	**26.3**	**27.6**	**27.7**	**25.4**	**29.4**
India Cements	21.4	18.3	18.1	18.1	19.0
ACC	9.4	11.0	11.9	12.0	9.8
Madras Cements	11.5	11.3	10.8	11.2	10.8
Ultratech Cement Ltd	11.1	10.2	9.8	9.8	8.3
Grasim	8.0	8.6	9.2	8.8	8.2

H1: April - October

Source: CRIS INFAC

Recent Buyouts of Indian Cement Companies

Acquirer	Acquired company	Capacity (million tpa)1	Location	Cost (Rs million)	EV/ $ tonne	Year
Holcim	GACL	13.00	Multiple locations	21,160	227	2005-06
Holcim- GACL-ACIL	ACC-ACEL	18.20	Multiple locations	35,464	129	2004-05
Grasim industries	Larsen and Toubro	16.00	Multiple locations	22,000	80	2003-04
Zuari industries Ltd.	Sri Vishnu Cement	1.20	Andhra Pradesh	3,850	n.a	2002-03
Italicementi Group	Zuari Cement	1.70	Andhra Pradesh	3,400	97	2000-01
Lafarge	Raymond Woollens	2.24	Madhya Pradesh	7,850	80	2000-01
Gujarat Ambuja	ACC	11.94	Multiple locations	9,609	48	1999-00
Gujarat Ambuja	DLF Cement	1.40	Rajasthan	1,620	54	1999-00
Grasim	Indian Rayon	3.20	Karnataka, Maharashtra	share swap	23	1998-99
Grasim	Shree Digvijay	1.23	Gujarat, Maharashtra	650	n.a	1998-99
India Cements	Raasi Cement	1.80	Andhra Pradesh	3,200	73	1998-99
India Cements	Sri Vishnu Cement	1.00	Andhra Pradesh	1,150	68	1998-99
Lafarge	Tisco	1.73	Madhya Pradesh, Bihar	5,500	77	1998-99
Larsen and Toubro	Narmada Cement	1.40	Maharashtra, Gujarat	1,700	52	1998-99
Gujarat Ambuja	Modi Cement	1.80	Madhya Pradesh	1,660	45	1997-98
India Cements	CCI-Yerraguntla	0.40	Andhra Pradesh	1,980	118	1997-98
India Cements	Visakha Cement	0.90	Andhra Pradesh	600		1997-98

Source: Cris Infac

Another key point to be noted in the context of consolidation is the entry of the international cement majors in India. While Lafarge and Italicementi are already present in India, Holcim has acquired control of ACC Limited and Gujarat Ambuja Cements Limited.

This deal also brings to the fore the valuations of Indian cement companies, which had been earlier estimated to be in the range of US$70~75 per tonne. The recent deal metrics indicate that the present valuations of newer single plant units may be higher than US$100 / tonne, based on the fact that ACC's valuation itself was at US$105 / tonne despite having significant older capacities and the acquisition of promoter holding of Gujarat Ambuja by Holcim.

Pricing

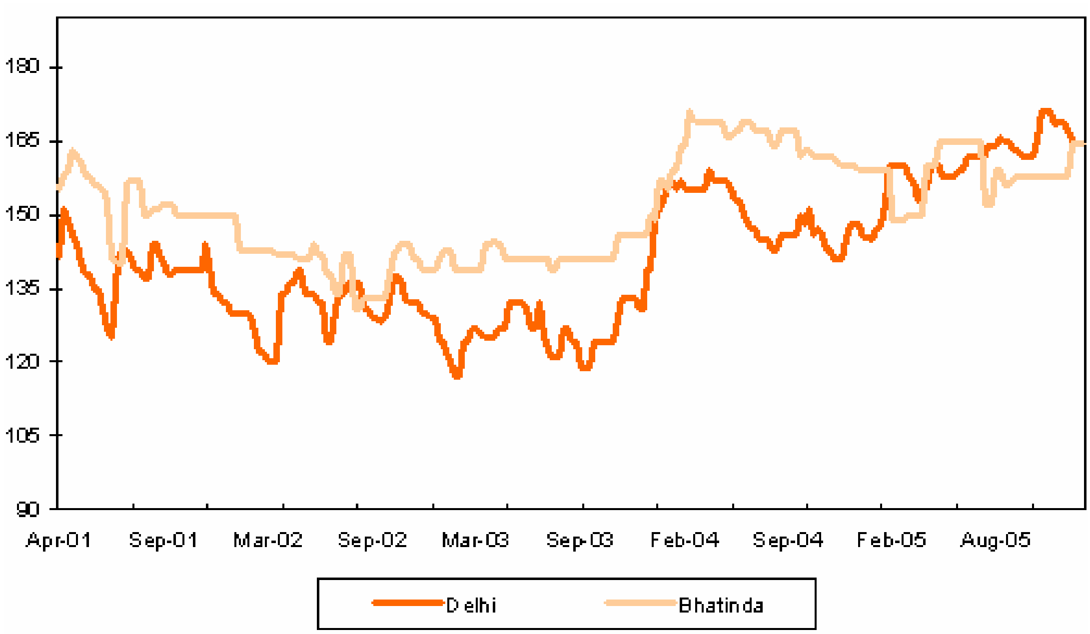
Prices in the cement industry have been closely correlated to the interplay of demand and supply, in addition to tussles between various players to seize market shares. Cement prices have been on a steady uptrend since January 2004 and have risen to historical highs in the early part of 2005 – 06. Normally during June – September when large parts of India experience monsoons, cement prices fall. However, in 2005 – 06, cement prices have remained stable, a reflection of the tight demand – supply position.

Supply Outlook

On the supply side, the sales tax exemptions available to players putting in fresh capital for expansion had led to significant additions in the installed capacity till about January 2002.

Between FY 2000 and FY 2002, the capacity of production was increased by about 24 MnT. Subsequently with the withdrawal of the exemptions since January 2002, the expansions also tapered off. Capacity of production increased after 2002 primarily through de-bottlenecking and line balancing exercises undertaken by various players.

Given the softening of cement prices through FY 2002 and FY 2003, no major capacity expansions are slated in the short term. The supply constraints continue to be pronounced in the north and east, with no major additions planned in these regions. An indicative list of expansions planned over the next three years is as under:



Souce: Cris Infac

Capacities announced

in million tonnes	Current capacity	Announced capacities
Binani Cement Ltd	2.2	3.1
ACEL	2	1.6
Birla corp	5.1	2
Century textiles	6.3	6
Dalmia Cement	1.2	1.7
Jaiprakash Associates[1]	6.1	7
Kesoram	2.6	2.65
Shree Cement	4.5	2.4
Zuari Cement	3.4	2.5
Note		

Jaiprakash has recently acquired UP Cement (capacity 2.6 mt/pa and currently modernisation plans are underway, it has been added to the announced capacities)

Source: Cris Infac

However, firming of cement prices since FY 2004 does make new capacities viable again, Also with gestation period of plants being in the range of 24-30 months, new capacities would only enable the supply side to remain in sync with the projected demand growth. Accordingly, the present excess supply situation is expected to be corrected by FY 2006; demand may outstrip supply going forward.

BUSINESS

Overview

The Company is a leading Indian cement manufacturer focused on the key markets of states in northern India and Gujarat in western India. The Company is one of the leading players in Rajasthan with a market share of 13 % as on June 30, 2006 in the state. (Source: Crisil Research and CMA dated September 27, 2006) The Company also has significant presence in Gujarat, Haryana and Delhi markets. The Company has facilities for manufacture of 2.25 MTPA of cement along with 25 MW coal/lignite based captive power plant at Sirohi, Rajasthan. The Company only manufactures OPC and PPC markets, with an OPC: PPC product mix of about 71:29 in fiscal 2005, 63:37 in fiscal 2006 and 51:49 in fiscal 2007.

The Company is the flagship company of the Binani group, promoted by Mr. Braj Binani. The group has multiple products and is located across India with interests in cement, zinc and glass fibre.

The Sirohi facility was set up with the support of Denmark based F.L. Smidth and Larsen and Toubro Ltd. in India, and was completed within 19 months from effective date of the order for the main plant and machinery. The Company is certified as ISO9001, ISO14001 and OHSAS18001 compliant.

The Company has two limestone mines, located at Amli and Thandiberi which are located at a distance of 2 Km and 7 Km from the Sirohi facility respectively. The mines are leased to the Company by the Gvernment of Rajasthan for a period of 20 years expiring on 2015. As per the report of Holtec Consulting Private Limited ("Holtec Consulting"), these mines have proven reserves of up to 195 million tonnes as on April 1, 2005.

The Company's cement is marketed under the brand name of "Binani", which over the last 9 years, has established significant brand presence especially in the Rajasthan and Gujarat markets.

In September 2005, JPMorgan Special Situations Asia Corporation, a wholly owned subsidiary of JPMorgan Chase and Co., through its investment subsidiary – JPMSSM, acquired an equity stake in the Company by purchasing equity from BIL for Rs. 1.2 billion and it currently holds 25% of the equity share capital of the Company. JPMorgan Special Situations Asia Corporation has also extended a term loan of Rs. 1.3 billion to the Company through its Indian affiliate, J.P.Morgan Securities India Private Limited ("JPMSIPL") towards part-financing the Company's expansion project. As of April 2, 2007, the term loan of Rs. 1.3 billion has been re-financed by JPMorgan Chase Bank N.A., Mumbai, on similar terms and conditions.

In July 2006, Ganesha Prime Holdings (Mauritius) Limited, a wholly owned subsidiary of Credit Suisse Private Equity Partners Asia, L.P acquired an equity stake in the Company by purchasing 20,500,000 Equity Shares from BIL for Rs.1.5 billion at Rs. 73 per Equity Share and it currently holds along with its affiliate 10.09% of the equity share capital of the Company.

The Company's financial performance in the last three fiscal and the first six months of fiscal 2007 are given below

(Rs. in Million)

		For the year ended March 31,		
Particulars	**Nine months ended December 31, 2006**	**2006**	**2005**	**2004**
Total Income	4,964	4,932	4,401	3,791
EBITDA	1,662	1,344	1,017	1,011
EBITDA margin	33.5%	27%	23%	26.7%
PAT (as restated)	701	518	21	35
PAT margin	14.1%	10.5%	0.5%	0.9%

Competitive Strengths

The principal strengths and competitive advantages of the Company are as follows:

The Company's presence in the high growth north Indian cement market

The cement industry in India is region-focused due to the high transportation costs. The Company believes that the demand for cement in North India will be be driven by demand for cement from construction for the Commonwealth Games, increased spending on infrastructure by the state and central governments and development of special economic zones and real estate demand. The demand for cement is expected to continue to grow at a CAGR of 9% over a period of 5 years from fiscal 2006 to fiscal 2011. (Source: CRIS Infac Research report dated May 29, 2006), but the capacity addition by cement manufacturers in North India is not expected to bridge the demand-supply gap. The Company believes that the Northern market can easily absorb an additional capacity of 4-5 MTPA without affecting prices adversely. The Company believes that it is in a position to realize the benefits of the increased demand in the Nothern India markets, being the one of the key manufacturers in northern India and also due to the Company's present capacity expansion at the Sirohi facility which will address the expected demand growth.

The cement manufacturing facility of the Company has certain locational advantages

The location of the Sirohi facility is a key advantage to the Company as its limestone reserves are at a close proximity to its plant. As the plant is located in Pindwara, Sirohi District, Rajasthan which is in close proximity to the customers in the states of Rajasthan, Gujarat, Haryana and NCR it reduces the Company's transportation costs which contribute significantly to the overall cost reduction. The Company has its own captive power plant for which high grade coal is imported from South Africa and Indonesia. This coal comes in from Navlakhi / Kandla port which is approximately 450 kms from the plant.

The facility is well connected by road through NH – 14 to the primary markets of the Company; namely Rajasthan and Gujarat. In terms of outward freight, about 90% of the despatches are sent through road with the balance through rail. The Company is servicing western Uttar Pradesh and parts of Delhi by rail, while the other markets are serviced by road. A railway siding has also been set up at the plant to link the plant with it nearest railway station of Keshavganj which is approximately 12 kms from the Company's cement facility.

The Company has established a significant brand presence

Over the last 9 years, the 'Binani' brand has established significant brand presence especially in the Rajasthan and Gujarat markets. The quality of the Company's cement is a key differentiator of its product due to the manufacturing processes followed and the standards adopted by the Companywhich are more stringent than the standards specified by the Bureau of Indian Standards ("BIS"). For example, presently the mix of fly ash content in the Company's PPC does not exceed 25% as against the BIS standard which permits a maximum fly ash content of 35%. The Company is one of the leading players in each of its key markets of Rajasthan, Gujarat and NCR. It has a large distribution network in place with more than 1,839 dealers and 42 market organisers supported by their own sales staff. Also, the Company has been certified ISO9001, ISO14001 and OHSAS18001 compliant.

The Company is one of the leading cement producers in important cement markets in north India

The Company is one of the leading cement producers in Rajasthan with a 13% market share as on June 30, 2006 and over 45% of its total sales are dispatched to Rajasthan. In Gujarat also, the Company has a market share of 7% at the end of fiscal 2006 (Source Crisil Research, CMA dated September 27, 2006). The Company's leadership position enables it to leverage its existing in-house skills, relationship with customers and provides potential to increase the products being sold.

The Company has control over the main components of the manufacturing process, namely limestone, power and fuel.

The key ingredient in the Company's manufacturing process is limestone. The Company has its own captive limestome mines with proven reserves of high quality limestone serving its plant enabling it to continue operations for period of at least 25 years, according to the report of Holtec Consulting.

The power required for the manufacturing process is generated from its 25 MW captive unit which caters to approximately 75% of cement plant's power requirement. The Company expects that after the completion of its expansion plans, the power plant will have a generating capacity of 69.6 MW which will cater to 100% of the Company's power requirements for the expanded cement manufacturing capacity.

Coal is the main fuel which is used in cement production. It is mostly imported from South Africa and Indonesia. The Company is also using various alternative fuels like lignite and agro waste to bring down the fuel cost. The Company sources lignite from mines that are approximately 200 – 300 Km from the Sirohi facility.

The Company has efficient operational performance

The Company has an EBITDA margin of 27% for fiscal 2006 and an EBITDA margin of 33.5% for the nine months ended December 31, 2006. The Company believes it is able to operate at these levels of operating efficiency due to its technical base, cost management initiatives, the quality of its manufacturing facilities and its marketing and distribution network.

The Company's power consumption in the manufacturing process was reduced to 73 kWh / MT for fiscal 2006 from 80 kWh / MT for the fiscal 2002.

The Company has a strong management team and motivated and efficient work force

The Company is managed by a team of experienced and professional managers focused on different aspects of the cement industry including production, manufacturing, marketing, quality control and finance. The Promoters and management of the Company have experience in the cement industry. The Company's human resource policy is prepared with a commitment to create an organization that nurtures talents and motivates its work force.

The Company has an extensive marketing and distribution network

The Company has a wide spread distribution network of 1,839 dealers and 42 Market Organisers (MO) in the states of Rajasthan, Gujarat, Delhi, Haryana, parts of Uttar Pradesh and Punjab.

The sales and marketing functions of the Company are managed from New Delhi, with a team of 83 professionals based at six main centres of Ahmedabad, New Delhi, Jodhpur, Jaipur, Ghaziabad and Chandigarh. In addition to its staff, the marketing team is supported by MOs who work on commission basis. The Company has 42 MOs of which 13 are located in Rajasthan, 9 in Gujarat and 20 spread across New Delhi, Haryana, Punjab and Uttar Pradesh.

The Company follows the 'cash and carry' system and does not sell its products on credit basis which reduces the Company's exposure to customer credit risk. This system has allowed the Company to operate with a smaller marketing and sales team and reduces the working catpial requirements of the Company.

The Company's Strategy:

Maintain and further consolidate Company's position in key markets through capacity expansion

To achieve the Company's objective of increasing its presence in the North Indian markets, it has increased its clinker capacity at its plant by 2.3 MTPA, with commercial production expected to commence from May 2007 and is adding another 44.6 MW (2 X 22.3 MW) captive power plant with one unit of 22.3 MW expected to be commissioned by June 2007 and another by October 2007. The cement production capacity at the Sirohi facility has been enhanced to 5.3 MTPA from 2.25 MTPA. The total cost of the expansion project is estimated at Rs. 5750 million (including the second unit of a power plant to be installed by October 2007 at a cost of Rs. 600 million).The project cost is based on the orders already issued which are all fixed price orders without any price escalation terms. As on March 31, 2007, the Company has issued purchase orders for the entire project.

Focusing on sales on a regionwise basis

The Company' strategy is focused on maximizing net sales realization by focusing on sales of the product on a regional basis. However due to the high cost of freight, the Company's strategy is presently focused on saturating the markets which are close to its plant where it enjoys a relative freight advantage.

Increase in distribution and sales network

The Company's products are currently marketed through a widespread distribution network comprising 1,839 dealers who in turn sell the product to end users such as contractors, retailers, etc. The Company does not market its products directly to institutions as this is a less profitable segment. It will continue to focus on building a dedicated and motivated dealer network spread across the states of Northern India by seeking to add additional dealers to the network and strengthen its relationship with the existing dealers. In order to enhance the relationships with dealers, the Company provides training to the dealers on innovative sales techniques and trying to increase the popularity and usage of its cement products. The Company has marketing offices in 4 strategic locations and its officials are continuously meeting dealers and their personnel to provide them with greater information about the products of the Company and discuss means of increasing the sales of the Company's products.

Entering new markets and increasing penetration in select markets

As freight costs play a crucial role in determining the end markets for cement, the Company intends to consolidate its position in the key markets of Rajasthan, Gujarat and NCR. However the growth in the Indian cement markets of Northern India and as well as Western India has presented a growth opportunity for the Company. The Company has set up a railway siding adjacent to its Sirohi facility, which connects the facility to a broad guage railway line connecting New Delhi to Ahmedabad. Till recently, the Company was transporting its products to this railway line by road which added to the freight cost. The setting up of the railway siding will eliminate the requirement for road transport in the first stage and this will allow the Company to transport its products into the state of Maharashtra as well as into the Northern Indian markets in a cost effective manner. This will allow the Company entry into the Maharashtra market as well as allow the Company to further penetrate select North Indian markets such as Punjab and western Uttar Pradesh.

Reducing power and fuel costs

The new power plant and the kiln at the Company's expanded facility permits the use of alternative fuels in the manufacturing process. The Company expects to be in a position to utilize lignite, pet coke and agro waste as a fuel in the power plant and the kiln. The Company expects this will reduce the Company's dependance on imported coal as a fuel.

Developing the Company's product mix and enhancing products

The Company's production mix in the year ended March 31, 2006 was 37% PPC and 63% OPC, compared to 29% and 71% in the year ended March 31, 2005. For fiscal 2007, the mix of PPC:OPC was 51:49. In addition, it intends to further enhance the quantum of the PPC towards a mix of 60% PPC and 40% OPC. This is to cater to the increased demand for PPC in the Indian cement markets.

Increasing the promotion of the Company's brand

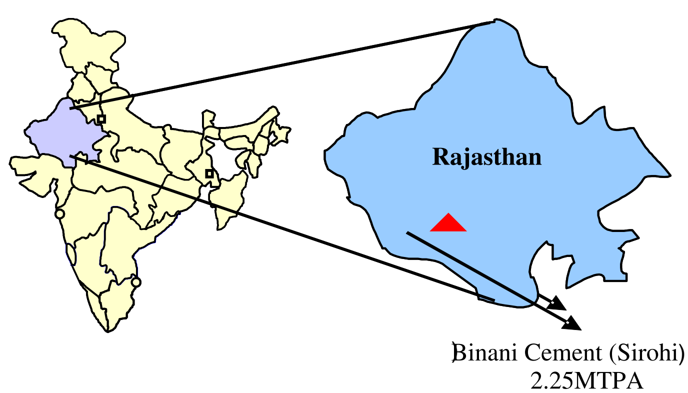
To promote the Company's products and its brand 'Binani', with dealers who are the customers of the Company, the Company organizes seminars, workshops and conferences where it educates its dealers/customers about the strengths of its product. Annually, it also organizes a MOs meet where dealers and MOs from all over the country are invited and based on their feedback of the Company further fine-tunes its marketing strategy. The Company also intends to undertake advertising and promotional campaigns in select markets such as Rajasthan and Gujarat to increase the brand awareness and enhance the understanding of the Company's products. Direct promotional efforts to reach out to contractor and builders are done by the MOs, supported by the sales and marketing team of the Company.

History

The Company is a subsidiary of BIL and a flagship company of the Binani group. It has a capacity to manufacture 2.25 MTPA of cement, along with 25 MW coal/lignite based captive power plant at its facility in Sirohi, Rajasthan. It commenced trial production in April 1997 with an initial capacity of 1.65 MTPA of OPC. Subsequently, over the years, the installed clinker capacity of the plant was increased to 1.98 MTPA through a series of de-bottlenecking exercises and the overall cement capacity was increased to 2.25 MTPA. For further details of the Company investors may refer to paragraph under 'Overview'.

Operations

Production Facility and Location



The Company's facility is located at Sirohi in the state of Rajasthan. The plant became operational with trial runs commencing from March 1997 with an initial capacity of 1.65 MTPA of OPC and commenced commercial production from November 1, 1997.

Subsequently, over the years, the installed clinker capacity of the plant was increased to 1.98 MTPA. The plant is connected by both rail and road through NH – 14 to the primary markets of Rajasthan and Gujarat. In addition, the Company has 50 depots spread across its key markets. The details of the plant are as under:

Operation Facility

Name Of Machinery	Capacity	Make
Limestone Crusher	1,200 tph x 1	Larsen and Toubro
Limestone Stacker	1,200 tph x 1	Larsen and Toubro
Limestone Reclaimer with Belt Conveyor	450 tph x 1	Larsen and Toubro
Raw mill (Vertical Roller Mill with Air Separators and 4 Weigh Feeders)	410 tph x1	Larsen and Toubro /FLS
Bucket Elevators for transportation of raw meal to CF Silo (Tandem Elevator)	485 tph x1	BHP
Rotary Kiln with 6 stage Separate Line Calciner pre-heater	6,000 tpd x 1	Larsen and Toubro /FLS
Coal Grinding Mill	45 tph x 1	Larsen and Toubro /FLS
Cement Mill equipped with air Separator (Sepax)	150 tph x 2	Larsen and Toubro /FLS
Packing Plant (1 packer used as standby)	180 tph x 3	Enexco
Coal storage with stacker	650 tph x 1	Larsen and Toubro
Side Scraper (Reclaimer)	150 tph x 1	Larsen and Toubro
Fly Ash unloading system	120 tph x 1	Enexco
Fly Ash dozing system	60 tph x 1	Enexco

Storage Facility

Name of Machinery	Capacity
Limestone Hopper	400 MT x 2
Addictive Hopper	250 MT x 2
Controlled Flow Silo	20,000 MT x 1
Clinker Hopper	800 MT x 1
Coal Storage – Open	21,000 MT
Coal Hopper	250 MT x 2
Clinker Silo	45,000 MT x 1
Gypsum Hopper	250 MT x 1
Cement Silo For PPC	7,500 MT x 1
Cement Silo for 43 Grade	7,500 MT x 2
Cement Silo for 53 Grade	7,500 MT x 1
Fly Ash Storage	450 MT x 1

Company's Products with Capacity

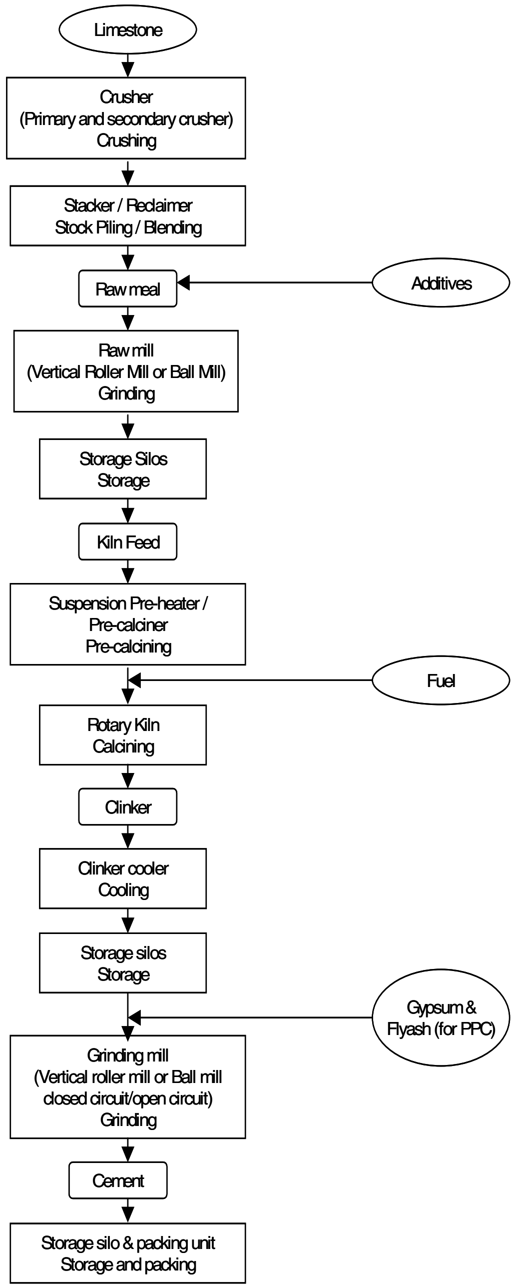
The Company produces two cement variants, OPC and PPC. The following table sets forth the revenues contributed by each of the Company's income sources to total income and the percentage of the total income it represents for the periods shown as well the breakdown of production and capacity utilization at its plant for the periods indicated

Particulars		For the year ended March 31,				
		2007	2006	2005	2004	2003
Cement OPC						
Quantity	'000 MT	1,231.2	1,470.2	1,597.3	1,718.7	1,773.6
Quantity	%	51	63	71	78	84
Value	Rs. in million	3,468	3,054	3,099	2,901	3,058
Realisation (Net of ST, Excise and Disc)	Rs./MT	2,817	2077	1940	1688	1723
Cement PPC						
Quantity	'000 MT	1,174.6	872.6	641.1	472	339.1
Quantity	%	49	37	29	22	16
Value	Rs. in million	3,330	1,831	1,281	847	604

Particulars		For the year ended March 31,				
		2007	2006	2005	2004	2003
Realization (Net of ST, Excise and Disc)	Rs./MT	2,835	2098	1998	1794	1781
Total (OPC + PPC)						
Quantity	'000 MT	2,405.8	2,342.7	2,238.4	2,190.7	2,112.7
Value	Rs. in million	6,798	4,884	4,380	3,748	3,662
Realisation (Net of ST, Excise and Disc)	Rs./MT	2,826	2085	1957	1711	1733
Plant Capacity	'000 MT	2250	2,250	2,200	2,150	2,000
Capacity Utilization	%	108	104	104	107	106

(Note: Cement capacity enhanced to 2 MTPA w.e.f. April 1, 2002, 2.15 MTPA w.e.f. December 1, 2003 and 2.20 MTPA w.e.f. March 31, 2005 and currently at 2.25 MTPA w.e.f. December 31, 2005).

Cement Manufacturing Process



The Company manufactures two standard types of cement: OPC and PPC. All the cement manufactured by the Company complies with relevant Indian standards and also international standards and are marketed under the brand name "Binani".

Cement production Process

The cement manufacturing process involves four distinct stages. The major stages involved in manufacturing cement by the dry process are described as follows:

Raw materials preparation

In this stage, the different raw materials are crushed and ground in grinding mills. Limestone is mined from the captive quarry by open cast blasting. A secondary blasting (in addition to the primary blasting) is required if the rock size is very large. The Company uses a mixture of limestone from both the mines to improve the quality of the limestone mixture.

Doser is used for collecting the scattered rocks at one place and a shovel is subsequently used for transferring the rock pieces from the ground to a dumper. The Company has 12 dumpers which are used for dumping the rock pieces in the crusher hopper. The limestone crusher is used for crushing the limestone boulder into smaller pieces.

The crushing is a high power consumption operation which is done in compression type crushers. Crushing is done either in closed circuit where the ground material is filtered as it emerges from the grinding mill and the coarser material is sent back into the mill for grinding whereas. The crusher system was selected after analyzing the raw material characteristics, requirement of particle distribution by downstream equipment and financial considerations.

Raw Meal Preparation

This is a blending stage in which the various ground raw materials are mixed in the desired proportion to obtain raw meal.

Raw Mill: The reclaimed limestone along with additives such as silica sand and iron ore which is fed to the same conveyor belt. The raw material is then dried and pulverized in vertical roller fitted with high efficiency dynamic separators.

Storage Silo: The ground raw meal is transported to the storage silo by a pneumatic conveyor belt. The next step is that of homogenizing the raw meal. This is necessary to counteract the fluctuations in the chemical composition of the raw mix. Such fluctuations have an adverse influence on the efficiency of kiln operation and also results in undesirable coating and ring formation within the kiln.

Thus, minimizing fluctuations in the composition of the kiln feed directly results in efficiency gains, both through superior energy regimes and higher effective capacity by virtue of longer working life of the refractory lining of the kiln. The homogenizing is done by extracting through a computer controlled process from there the raw meal from the bottom of the storage silo and mixing vigorously in a bin which works essentially like a batch mix reactor. The raw meal is then transported on conveyors to the cyclone preheater. Mechanical form of transportation is preferably used for saving on the power consumption.

Coal Grinding: Imported coal is used as a feed to the Kiln. Not only does it react with the raw meal to form clinker, it also burns as a fuel thereby providing thermal energy to the Kiln. Preliminary processing of coal is similar to limestone processing. Accordingly, the procured coal is crushed and then fed to a roller mill fitted with high efficiency dynamic separators. The fine coal is stirred in bins from which it is extracted, weighed and pumped into the kiln and the calciner lines of the preheater.

Pre-heating the Raw meal: Prior to feeding the Kiln, the raw meal is preheated by the exhaust gases from the Kiln. This leads to reduction in thermal load on the Kiln. The terminal step in the preheating stage is to separate the raw meal from the gas streams in the two sixth stage cyclones of the precalciner lines.

Clinkerisation

Kiln: The kiln is 4.5 meter dia and 68 meter long cylindrical steel shell lined with special heat resistant refractories. The kiln is inclined downwards at an angle of 4 degrees and rotates continuously. A temperature zone is maintained in the Kiln with a maximum temperature of 1400 degrees Celsius in the burning zone. To achieve this temperature, either pulverised coal or lignite is fired through the outlet end of the Kiln. At this temperature, the raw meal melts, providing a fluid phase for clinkering reactions to take place. Towards, the outlet end of the kiln is a small portion where the molten material cools down marginally and forms nodules.

The hot clinker drops into the grate cooler where it is carried on wide grate sections. From underneath the grates, air is pushed up through the holes in the grate through the clinker bed. The heat from the clinker is transferred to the air, most of which is then utilised as secondary air for combustion of the coal inside the Kiln. The excess air is dedusted in an ESP. Apart from the reciprocating grate cooler, planetary coolers and rotary coolers are also in popular use. The cooled clinker is transported via a conveyor belt to a stockpile or a silo for storage.

Grinding

Clinker is finely ground along with gypsum and other pozzolanic materials like fly ash, granulated blast furnace slag, depending on whether the desired end product is OPC, PPC and Slag cement.

Cement Mill: Clinker from the silo along with gypsum and pozzolanic materials such as fly ash are stored in hoppers, are extracted in the required proportion, mixed and fed for grinding. The final grinding of the clinker is done in a vertical roller mill .The fine cement that emerges from the high efficiency separator is transported to cement silos by bucket elevator. In this stage, closed circuit grinding is preferred to open circuit grinding as it is a time saving as well as a fuel efficient process.

Cement Packing and Storage: Cement is stored in concrete silos, numbering four, each having a capacity of 7500 metric tonnes. It is then extracted from the bottom of the silos by screw conveyors and packed into bags of 50 kg by rotary multi-spout packer with electronic weighing system of the older stationary packers. The packed cement is then loaded on trucks by bag loading machines.

Types of Products

Ordinary Portland Cement

OPC is produced by intergrinding cement clinker prepared in a rotary cement kiln with 7% gypsum. Based on compressive strength, which is expressed in mega pascals, OPC is further classified as 43 grade and 53 grade OPC. The range of applications, the physical and chemical requirements of the BIS and strength of OPC are discussed below.

53 Grade OPC

53 grade OPC is high strength cement. According to BIS requirements, 53 Grade OPC should have a 28 day compressive strength of no less than 530 MPa. For certain specialized products, such as prestressed concrete and certain precast concrete items requiring consistent, high strength, the use of 53 grade OPC is considered very useful, as 53 grade OPC can produce high-grade concrete at very economical cement content levels. 53 Grade OPC can be used for the following applications:

- Resource conservation challenge works.
- Precast concrete items such as paving blocks, tiles and building blocks.
- Prestressed concrete components.
- Runways, concrete roads, bridges.

43 Grade OPC

43 Grade OPC is the most popular general-purpose cement in India and constitutes a significant portion of total production of cement in India. 43 grade OPC can be used for the following applications:

- General civil engineering construction work;
- Resource conservation challenge works (preferably where grade of concrete is up to M-30);
- Precast items such as blocks, tiles and pipes;
- Asbestos products such as sheets and pipes

In fiscal 2006, OPC accounted for 63% of the Company's net sales of Rs. 4,884 million. For fiscal 2007, OPC accounted for 51% of the Company's net sales of Rs. 6,798 million.

Portland Pozzolana Cement

PPC is blended cement produced by adding pozzolanic materials, such as fly ash, volcanic ash and calcined clay, to clinker. The Company has encouraged customer awareness and acceptance of PPC (through training programs designed by the Company for engineers and masons) as it has lower production costs and offers higher margins than OPC. PPC can be used for the majority of construction projects, such as in the building of houses, high-rise buildings and bridges. The production process for PPC is similar to that for OPC, but fly ash, the pozzolonic material which is generally used, is mixed with clinker in the cement mill stage of manufacturing. The fly ash content of PPC produced by the Company is normally between 20% and 25%. The use of fly ash enables cement to be produced using less clinker. This helps to reduce production costs as fly ash, being a waste product from the operation of coal fired power stations, is a readily available and cheaper commodity than clinker .The Company generally obtain fly ash from nearest thermal power stations located in Ahmedabad region and Suratgarh. It is supplied free of cost as only administrative charge of Rs. 60 to Rs. 150 per ton is charged by the power companies. It is usually transported by the contracted fleet of closed tankers. The Company's annual consumption of fly ash is approximately 0.3 MTPA for the existing capacity-.

In fiscal 2007, PPC accounted for 49% of the Company's net sales, up from 29% and 37 % in fiscal 2005 and 2006, respectively.

Sales Mix

The Company's primary markets are in Rajasthan and Gujarat. The region-wise mix of the Company's sales is as under:

Region	Fiscal 2007			Fiscal 2006			Fiscal 2005		
	OPC	PPC	Total	OPC	PPC	Total	OPC	PPC	Total
Rajasthan	49%	46%	**47%**	56%	41%	50%	57%	31%	**49%**
Gujarat	36%	15%	**26%**	33%	16%	27%	31%	16%	**27%**
Haryana + New Delhi	9%	26%	**17%**	7%	29%	15%	7%	32%	**14%**
Rest of North India	6%	13%	**10%**	4%	14%	8%	5%	21%	**10%**

Raw Material

The main raw materials used to manufacture OPC are limestone and additives such as silica sand, iron ore, and gypsum. Clinker, an intermediate product in the manufacture of cement, comprises lime, silica, alumina, and iron compounds. For manufacture of PPC, fly ash is added as a raw material at the grinding stage.

Silica sand, iron ore, and shale are added to alter the chemical characteristics of lime, silica, aluminum and iron ore present in the raw material feed; gypsum is added to regulate the setting time of cement. Cement is manufactured in three main stages: raw-meal preparation, heat treatment, and clinker grinding.

The costs of raw materials packaging materials, goods consumption and energy (fuel and power) accounted for approximately 39%, 45% and 48% of the total expenditure for the three years ended March 31, 2004, 2005 and 2006, respectively. During the nine months ended December 31, 2006, the same was 44%.

Limestone

The main raw material used in the production of cement is limestone. The cement production process requires about 1.51 tonnes of limestone for every one tonne of cement produced, thus generating an annual requirement of about 3 MTPA to supply the plant. The cost of raising (including royalty, crushing and transportation) limestone was Rs. 83 per tonne for the nine months ended December 31, 2006 as compared to Rs. 80 per tonne during fiscal 2006 and Rs. 75 per tonne during fiscal 2005.

The Company currently operates 2 limestone mines near the plant namely Amli and Thandiberi. The Amli mine is at a distance of about 2 kilometres from the plant while the Thandiberi mine is slightly further away at a distance of about 7 kms.

Both mines are leased from the State of Rajasthan for a term of 20 years. Pursuant to current provisions of Mines and Minerals (Regulation and Development) Act, 1957 and Mineral Concession Rules, 1960, such leases can be renewed for another 20 years at a time. The Company currently pays a royalty of Rs.46 per tonne of limestone extracted as levied by the Government of Rajasthan.

The proven limestone reserves position for various mines as of April 1, 2005 is given in the table below:

Source – Mine	Mineable Reserves (million tonnes)	Area of mine (Sq. Km)
Amli	169	4.68
Thandiberi	26	2.56
Total	**195**	**7.24**

The yearly estimated limestone consumption of the Company given the expanded clinker capacity would be approximately 6.6 million tonnes. For details in relation to the proven reserves and the utilization based on the expanded capacity, please see the section "Business - Holtec Report" on page 53 of this Prospectus.

At present, the limestone requirement of the plant is met by the Amli and Thandiberi mines in the ratio of about 85:15 respectively, primarily on account of the difference in the grade of limestone in these two mines. Limestone is a bulky commodity and proximity of limestone mines helps in keeping the overall transportation cost lower, thus giving an added advantage to BCL. The average variable cost (including royalty) of excavation, crushing and transportation to the plant was around Rs. 83 per tonne for the nine months ended December 31, 2006.

In order to meet any future requirements for limestone upon the addition of further cement production capacity, the Company has made applications for mining leases in the states of Gujarat and Orissa.

Holtec Report

Holtec Consulting Private Limited* has prepared a mining report and plan on the two limestone mines of the Company located at Amli and Thandiberi. The report is dated as of April 1, 2005. As per the report, the limestone reserves at Amli mine are estimated to be 169 million tones whereas the reserves at the Thandiberi mine are estimated to be 26 million tones. The report states that the total life of Amli mine shall be 29 years whereas the life of the Thandiberi mine shall be 26 years. The report takes into account the proposed expansion of the cement production capacity by the Company while calculating the life of the mines.

The report also prescribes the design of the mines and the pit limit in order for the Company to extract the maximum out of the two limestone mines located at Thandiberi and Amli.

*Holtec Consulting Private Limited holds a certificate of recognition issued by the Regional Controller of Mines, Indian Bureau of Mines, Dehradun authorizing them to prepare mining plans. The report on the reserves of the limestone mines of the Company at Amli and Thandiberi is an independent estimation by Holtec Consulting Private Limited as prepared by them for the Company which has been accepted by the Indian Bureau of Mines. Holtec Consulting Private Limited is not related to the promoter or promoter group of the Company.

Silica and Iron Ore

Silica and iron-ore are added to the limestone in small quantities, as 'additives' to ensure an acceptable chemical composition of the 'raw meal', the input for the clinkerization process. The requirements of silica and iron ore inputs per tonne of clinker are not significant. The Company is sourcing its silica requirements from western Rajasthan at a cost of Rs. 334 per tonne.

Gypsum

Gypsum is ground with clinker to produce cement. Usually, about 0.07 tonne of gypsum is used in production of 1 tonne of cement thus the total requirement for production of 5.3 million tonnes is about 0.371 million tonne. The Company at present is sourcing the gypsum requirements from two suppliers – one in Gujarat and the other in Rajasthan. The landed cost of Gypsum during the nine months ended December 31, 2006 is about Rs. 864 per tonne.

Fly ash

Fly ash is a key requirement for the production of PPC. About 25% of fly ash is used to manufacture PPC along with about 0.07 million tonne of gypsum and balance clinker. The availability of fly ash at reasonable landed cost gives a cement producer the advantage of producing more of PPC and thereby increasing overall contribution. As fly ash directly replaces the clinker in cement manufacturing process, it increases the overall production and contribution and improves the margins of the Company.

The total requirement of fly ash by the Company is approximately 0.3 MTPA which is sourced from AEC, Ahmedabad, GEB, Gandhinagar and NTPC, Suratgarh. While the power plants charge only Rs. 60 to Rs. 150 per tonne as administrative charges to allow the Company to lift the fly ash, the main cost is incurred in transportation. Presently, the landed cost of fly ash works out to be around Rs. 662 per tonne. The Company does not use the fly ash generated by its power plant, as the fly ash from the captive power plant has high carbon content and is efficiently recycled by usage in the kiln.

Power and Fuel

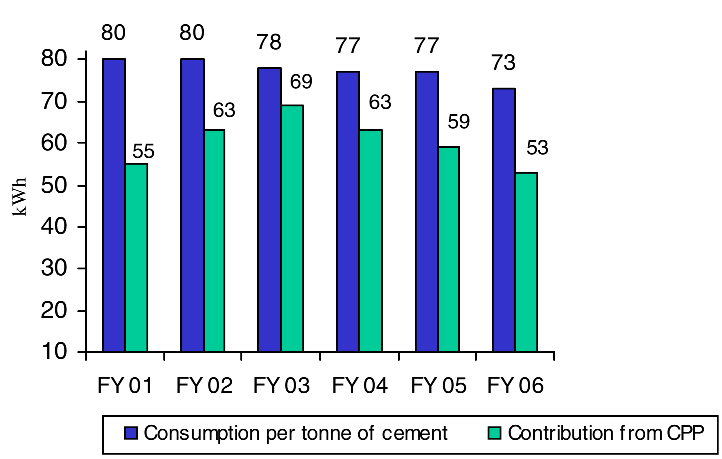
While coal, natural gas, or oil can be used as fuel, the choice of fuel depends on the availability of fuel, its cost and the process used. The energy cost (fuel and power) accounted for approximately 26%, 30%, 32% of the total expenditure for the three years ended March 31, 2004, 2005 and 2006, respectively. During the nine months ended December 31, 2006, the energy cost accounted for approximately 28% of the total expenditure.

Power

Dedicated and low cost supply of electricity is one of the most critical factors in cement manufacturing. At 100% capacity utilization, the power requirement of the plant is about 170 million kWh. In order to cater to its power requirements, the Company has a 25MW thermal captive power plant which has a capacity of about 160 million kWh. The power plant meets about 70%-75% of the present power requirements of the Company (after self consumption), while the balance is drawn from the grid, supplied by JdVVNL. The Company has also inadvertently exported 1.42 million kWh to RPPC during off-peak and maintenance period in fiscal 2005 and 4.67 million kWh to RPPC in fiscal 2005. During the nine months ended December 31, 2006, the Company exported 3.42 million kWh to RPPC.

The Company has managed to reduce the power utilization per tonne of cement from about 80 kWh in fiscal 2002 to about 73 kWh in fiscal 2006. For the nine months ended December 31, 2006, the power consumption was around 75.6 kwh per tonne. It may be mentioned that the average power requirement per tonne of cement in the industry is close to 85-90 kWh, showcasing the Company's efficiency in power utilization.

Power Consumption of company



The reliance on captive power has also translated into significant costs savings for the Company, given the existing tariff structures. While the Company purchased grid power at Rs. 4.55 per unit, the variable cost of power produced by the captive power plant was about Rs. 2.03 per kWh in 2006 and Rs. 2.10 per kWh for the nine months ended December 31, 2006.

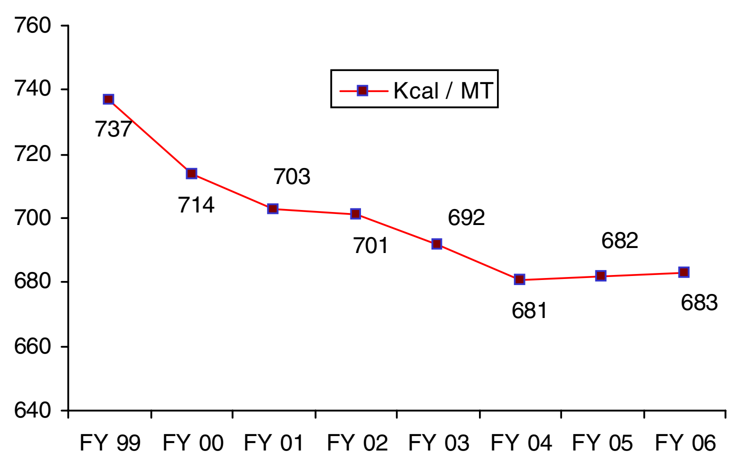
As of now the Company has managed to optimize the cost of production by controlling the fuel mix for the power plant. At present, the Company is using 60% coal and 40% lignite, in terms of heat value.

The Ministry of Coal, Government of India through letter no. 38011/3/2006-CA-I dated February 7, 2006 has allocated Nimbri Chandavan lignite block in the State of Rajasthan to the Company for captive mining for the Company's captive power plant at Binanigram in Sirohi, Rajasthan.

Fuel

The Company uses imported coal as the primary fuel for the clinkerisation process because it is cheaper on a cost per calorie basis as compared to indigenous coal which is of a lower calorie content and located far away from the production facilities. The imported coal is procured primarily from Indonesia and South Africa through the ports at Kandla and Navlakhi and then by road to the plant. There are no restrictions on the import of coal and the import duty (including cess) is currently at 5.1%.

The Company generally maintains upto 45 – 60 days of stock of coal at the plant. The Company believes that the use of imported coal, based on the present international price of coal, gives it significant cost advantages. The use of imported coal, with lower ash content than Indian coal, also contributes to an improvement of the quality of cement produced at the plants and permits the use of lower grade limestone in the production process. Imported coal is currently purchased by the Company on the international spot market.



The overall costs of fuel have increased for the Company on account of a significant rise in imported coal prices from about US$ 38 in fiscal 2004 to about US$ 55 in fiscal 2007. Accordingly, average landed costs of coal have also moved up from about Rs. 2735 / MT in fiscal 2004 to Rs. 3516 / MT during fiscal 2006. During fiscal 2007, the average coal price was the same level as in fiscal 2006.

Repair and Maintenance

The Company conducts routine repair and maintenance on the production facility, including relining the kilns as needed. The kilns run for an average of 330 days per year, which the Company believes is currently the industry standard.

Pricing

The Company sets prices for its products monthly on a district by district basis based on projected supply and demand in the markets in which it sells and the distances of such markets from the Sirohi production facility. Prices for different regions are also affected by local regulations and tax policies. Cement prices are demand driven and regionalized. In addition, pricing varies by about Rs. 2-3 per bag based on quality perception and brand positioning. The pricing strategy is reviewed fortnightly, and necessary alterations are made based on pricing strategies being followed by competition in the various markets, inputs from the regional sales offices and market feedback from the MOs.

Competition

The Company mainly competes with other manufacturers of cement in North India. Competition occurs principally on the basis of efficiency price, quality and brand name.

Company	Market Cap(Rs million)*	EV(Rs million)*	EBITDA 06	Capacity	EV/EBITDA	PE 06
				In MTPA		
UltraTech	99301.20	113819.4	5,835.4	17.00	21.3	24.8
Gujarat Ambuja	172980.03	181633.8	7,843.9	14.57	22.5	17.7
Dalmia Cement	14965.72	21794.2	995.6	2.73	25.8	11.3
Shree Cements	34250.22	38284.2	1,994.6	4.10	21.8	31.9
J.K. Corporation	5977.20	12795.1	1,420.3	2.23	13.5	21.4
ACC	151151.27	158862.6	5,264.9	18.27	37.0	17.3
Madras Cements	34154.95	40179.3	2,175.4	5.47	20.6	27.8
Prism Cement	10364.19	11443.4	1,460.2	2.51	8.6	18.4
Birla Corp	16995.08	19305.9	1,876.5	4.78	14.3	14.9
Mangalam Cement	4205.94	4569.1	367.4	1.00	18.4	10.9

Source: Prowess (Market Cap and EV as on April 17, 2007)

The following table gives the market share of competitors in the Company's key markets

Rajasthan	**2001-02**	**2002-03**	**2003-04**	**2004-05**	**2005-06**
Total Consumption (In MTPA)	5.21	6.16	6.61	6.97	8.27
		MARKET SHARE (in %)			
Binani	15.28	14.23	14.97	14.18	13.18
Aditya	13.74	14.27	13.08	13.26	14.21
J.K.	12.35	12.23	12.66	12.40	11.03
Ambuja (Rajasthan)	9.82	12.57	12.62	13.98	14.81
Chittor	8.33	7.58	8.90	8.17	7.27
Shree	11.01	13.12	12.26	12.63	11.77
Lakshmi	6.63	9.39	9.13	10.19	12.34
Grasim	16	16	15	15	13.18

Source: CMA

Gujarat	**2001-02**	**2002-03**	**2003-04**	**2004-05**	**2005-06**
Total Consumption (In MTPA)	7.53	7.38	7.84	8.71	9.12
			MARKET SHARE (in %)		
Gujarat Ambuja	25.11	23.46	23.19	21.32	19.5
Larsen and Toubro	17.88	22.58	20.18	15.72	13.46
Saurashtra	9.19	9.77	7.29	5.78	4.25
Binani	7.40	8.63	7.54	7.21	7.24
Sikka	7.33	7.88	8.87	8.17	8.36
Gujarat Siddhi Cement	7.80	7.03	7.52	5.95	7.11
Lakshmi	5.24	7.52	6.92	6.83	9.47
Sanghi	-	-	8.98	13.34	11.79

Source: CMA

Marketing and Distribution network

The Company has a distribution network of 1,839 dealers and 42 Market Organisers (MO) in the states of Rajasthan, Gujarat, Delhi, Haryana, parts of Uttar Pradesh and Punjab.

The sales and marketing functions of the Company are managed from New Delhi, with a team of 83 professionals based at six main centres of Ahmedabad, New Delhi, Jodhpur, Jaipur, Ghaziabad and Chandigarh. In addition to its staff, the marketing team is supported by MOs who work on commission basis. The Company has 42 MOs of which 13 are located in Rajasthan, 9 in Gujarat and 20 spread across New Delhi, Haryana, Punjab and Uttar Pradesh.

The Company has also engaged Mr. Amitabh Bachchan for a period of twelve months from February 2007 for endorsing the Company's products through out India.

Research and Development (R&D)

The Company has a research and development center located at the plant. That center is involved in day to day quality control measures and also contributes towards continuous quality improvement. The center's main activities pertain to innovative projects for modifying of processes, products and maintaining quality control. R&D center follows various testing procedures pertaining to BIS, ISO, American Standard Testing Methods as deemed fit for the project concerned. It is headed by a General Manager and is staffed by qualified experts.

Environmental Practices

The Sirohi facility is located in Rajasthan and is regulated by the Rajasthan State Pollution Control Board ("RSPCB"). All the required environmental clearances have been obtained by the Company for its current operations. The Company has applied for approvals that are necessary to complete its proposed expansion and modernization plans. For further details in relation to the environmental laws and regulations governing the Company's business and operations, please see section titled "Regulations and Policies" on page 61 of this Prospectus.

Manpower

The Company has a total of 579 full time employees as of March 31, 2007. In addition, the Company engages contractors to carry out some of the activities in mines and plant areas.

The Company offers its employees comprehensive on-going training in order to raise their competence and capability. It has also implemented a performance appraisal system which allows the performance of its employees to be assessed through an objective and transparent process. The Company believes that the training and appraisal system will result in a more productive and service-oriented workforce.

There are two unions to which the employees belong at the plant. The wage structure is governed by All India Cement Wage Board. The aggregate compensation paid to the employees for the year ended March 31, 2006 was Rs.151 million. The compensation paid to the employees for the nine months ended December 31, 2006 was Rs. 144 million.

Expansion Plans

Presently the Company has increased its clinker capacity by 2.3 million tones, with commercial production expected to commence from May 2007, besides adding another 44.6 MW captive power plant (to be implemented in 2 phases of 22.3 MW each by June 2007 and October 2007, respectively), at its existing location in Sirohi. The Company is expecting the new cement capacity and the first phase of the captive power plant (comprising 22.3 MW) to come online and commence commercial production by May 2007 and June 2007 respectively. The brief details of the project are as under:

Location

The additional clinker capacity of 2.3 million tonnes has been set up at the site adjoining the existing plant. The Company owns on lease basis about 304 acres of land in Sirohi, which is sufficient to meet the land requirement for the brown-field expansion. This would allow the Company to capitalize on the proximity of the existing limestone mines and the excess capacities of the crushing stage, packaging stage and other infrastructure.

The Company has decided to shift one of the cement mill procured under the cement expansion project to Neem ka Thana, located in north Rajasthan to set up a split grinding unit, which is expected to be operational by October 2007. The land required for the facility is under procurement. The estimated project cost of this unit is under finalization and will be funded through internal accruals.

Production Capacity

Together with the addition of clinker capacity, the total cement capacity post expansion translates to 5.3 million tonnes (assuming an OPC: PPC mix of 60% and 40%).

Implementation Schedule

Given that the new expansion is a brown field project and the Company already has the experience of commissioning a plant, the new plant is expected to be commissioned on time.

Cost of the Project

The cost of the project is estimated to be Rs. 5,750 million comprising Rs. 4,150 million for the cement plant and Rs. 1,600 million for the 44.6 MW power plant. The details of the project cost are as under:

(Rs. in million)

Description	Phase I	Phase II	Total cost
Land, Site and Civil works	613		613
Plant and Machinery	2594		2594
Engineering and Supervision	62		62
Electrical and Instrumentation	470		470
Miscellaneous fixed assets	186		186
Preoperative expenses	150		150
Power Plant	1000	600	1600
Contingencies	75		75
Total – Project Cost	**5150**	**600**	**5750**

The aforesaid cost estimates are based on the acutal purchase orders already released and firm offers received by the Company.

Means of Finance

			(Rs. in million)
	Phase I	**Phase II**	**Total**
Source of Funds			
Internal Accruals*	2700	-	2700
Debt			
• Rupee Loan#	2050	600	2650
• Foreign Currency Loan#	400	-	400
Total	**5150**	**600**	**5750**

* includes an amount of Rs. 1000 million received by the Company from BIL. This amount was paid to the Company by way of repayment of loans taken by BIL from the Company.

\# As of March 31, 2007, the Company has drawn Rs. 2400 million under rupee loans and has not drawn any foreign currency loan.

The Rupee loans taken are as follows:

S. No.	Name of Lender	Amount (Rupees Million)	Amount Drawn down as on December 31, 2006 (Rupees Million)
1.	J. P. Morgan Securities India Pvt. Ltd./JPMorgan Chase Bank N.A, Mumbai*	1300	1300
2.	Srei Infrastructure Finance Ltd. (substituted by GE Capital Services India)	750	233
3.	UTI Bank Limited**	400	400
4.	Oriental Bank of Commerce	200	200

* As of April 2, 2007, the term loan of Rs. 1.3 billion has been re-financed by JPMorgan Chase Bank N.A., Mumbai, on similar terms and conditions.

** By way of subscription to non convertible debentures.

Export Kredit Finansiering A/S has sanctioned a foreign currency loan of the US dollar equivalent of DKK 54.70 million as of the date of draw down (Assuming that the loan was drawn down on September 30, 2006 the rupee amount of the loan would be Rs. approximately Rs. 400 million) to cover the import component of the project.

Awards

The Company has obtained three prestigious International Certifications on Quality, Environment and Occupational Health and Safety, i.e. ISO 9001:2000, ISO 14001: 1996 and OHSAS 18001: 1999 within 5 years of the commissioning of the plant. It was the first cement company in the country to have been accredited with ISO 14001: 2004. Below are the few awards yearwise received by the Company.

2006-2007

- National Energy Conservation Awards – 2006: Certificate of merit in cement sector, awarded by the Ministry of Power, Government of India.

2005 - 2006

- "Rajasthan State Productivity Council Efficiency Award-2004" in testimony of productivity achievement of the Company.
- National Award of "Best Thermal Energy Performance for the year 2003-04, from NCCBM – New Delhi.
- "Three Leaves" rating from the Centre for Science and Environment, New Delhi under their Green Rating Project.

2004 – 2005

- Quality Circle of Mines and Crusher Section and Raw Mill Section of the Plant bagged the "Excellent Case Study Award" and the "Distinguished Case Study Award" respectively at the National Convention of Quality Circle organized by Quality Circle Forum of India at Mumbai.
- During "XV Mines Environment and Mineral Conservation Week 2004 -05" mines section of the Company won the second prize in "Aforestation", "Publicity and Propaganda" and "Vibration Control". The Company also stood second in both "Community Development and Energy Conservation"
- Recertification of quality standards for ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999 from KPMG Quality Registrar.

2003- 2004

- "Certificate of Excellence – 2003", awarded for Cement Sector by Rajasthan State Productivity Council.
- "Excellent Presentation Status" certificate at the 17th National Convention of Quality Circle – 2003 organized by Quality Circle Forum of India, Madurai for the presentation given by the Company's Pragati Quality Circle.
- Second Best "Quality Excellence Award" for Quality Excellence in Cement Industry for the year 2001-02 awarded by NCCBM, New Delhi.

2002-03

- Excellent Case Study Presentation Award at the 27th International Convention of Quality Control Circle, 2002 organized by the Quality Circle Forum of India, Lucknow.
- Quality certification for OHSAS 18001:1999 certification from KPMG Quality Registrar.
- The Company's limestone mines were awarded with the first prize in overall performance during the XXVI Mines Safety Week, 2002.
- The Company's limestone mines were awarded the first prize in overall performance during the XIII Mines Environment and Mineral Conservation Week, 2002-03.

2001-02

- The Company received the Second Best National Award for Quality Excellence from NCCBM, New Delhi.
- The Company's limestone mines were awarded with the second prize in overall performance during the XII Mines Environment and Mineral Conservation Week, 2001-02.
- The Company's limestone mines were awarded with the first prize in overall performance during the XII Mines Environment and Mineral Conservation Week, 2001-02.
- The Company received a Meritorious Presentation certificate at the National Convention of Quality Circle, 2001.
- The Company received a Commendation Certificate from the Government of India in appreciation of the Company's efforts in energy conservation in the cement industry.

Community Development

The Company always fulfilled its responsibility towards the development of the community along with its pursuit to achieve its own growth and development. Education and healthcare are the most important aspects of various community development activities undertaken by it over the years. Few programmes which the Company organised last year were organizing eyecamps where 81 operations were performed, and free medical consultation and medicines for one day given to villages of nearby areas. Further, during acute drought period in the region, around 49 Lacs liters of drinking water was provided to Pindwara town in the year 2004-05. Besides, various direct and indirect assistances were provided to the people of the nearby areas, which included small constructions, roads, donations, providing hand pumps, supply of water through tankers and organizing animal husbandry camp, etc. The Binani Ladies Club also contributes towards community development and charities through distribution of free furniture, school dresses, books, clothes etc. to needy people.

Materials and Supplies

The Company has many suppliers who supply variety of materials and supplies. Few of them are given below:

Gypsum:	Rajasthan State Mines and Minerals Ltd. and FCI Aravali Gypsum and Minerals India Ltd.
Silica Sand:	Jai Bhole Prabhu Minerals Limited
Fly Ash	Torrent Power AEC Limited and Gujarat State Electricity Corporation Limited
Coal	Glencore International, Visa Steel Limited, Swiss Singapore, Agarwal Coal Corporation Pvt. Ltd.and Gujarat NRE Coke Limited
Lignite	Rajasthan State Mines and Minerals Limited and G.M.D.C. Limited
P.P. Bags	Udaipur Polysacks Limited, Jagdamba Polymers Limited, Ganpati Plastfeb Limited, Sonal Polysacks Limited and Gujarat Dyestuff Limited

Property

The Company has an agreement with Binani Industries Limited for sharing of office space and common expenses. The agreement provides that the Company is entitled to use common facilities as long as BIL has 50.1% shareholding of the Company. The Company has to pay 60% of the common expenses which is payable monthly. The Company also has service agreements with Sarvashakti Properties Private Limited for the grant of office facility at Ahmedabad, New Delhi and Mumbai.

The Company has leased two plots of land measuring about 9.20 bighas in Sirohi district of Rajasthan from the Government of Rajasthan for its production facilities. The lease deeds were entered into in 1995 and the leases are for a period of 99 years. The consolidated annual rent payable for the two plots of land is Rs. 31,575.

Insurance

The Company has an Industrial All Risks Insurance Policy that covers fire insurance, earthquake, machinery breakdown and Business interruption covering the cement plant and captive power plant. Other coverage's currently in place include policies for covering marine cum erection, transit, motor vehicle, mediclaim, personal accident, cash fidelity and electronics items. These policies are subject to deductibles, maximum coverage amounts and various exclusions. Although the Company maintains insurance protection that is considered economically prudent, there can be no assurance that it will be able to maintain adequate insurance at rates which management considers commercially reasonable, nor can there be any assurance such coverage will be adequate to cover all claims that may arise.

Indebtedness Table

The details of indebtedness are provided under the section "Indebtedness"on page 162 of this Prospectus.

REGULATIONS AND POLICIES

Ministry of Commerce and Industry

The Ministry of Commerce and Industry, Government of India through the Department of Industrial Development, oversees the activity of thecement industry in India.

1. Licensing Policy

Pursuant to the New Industrial Policy dated July 24, 1991, all industrial undertakings, except for certain industries specifically mentioned therein, have been exempt from procuring a license to carry on their business activities. By Notification Number 477(E) dated July 25, 1991 issued under the Industries (Development and Regulation) Act, 1951, the cement industry has been exempted by the Central Government from obtaining an industrial license. Consequently the Company does not require an industrial licence.

The exempted industrial undertaking is however required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India The Company has filed the same.

Foreign Direct Investment

Foreign investment in Indian securities is regulated through the Industrial Policy of Government of India and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the FIPB and the RBI.

Presently 100% foreign direct investment is permitted in the cement sector under the automatic approval route.

Investment by Foreign Institutional investors

Foreign Institutional investors including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. Foreign institutional investors are required to obtain a certificate from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. Foreign Institutional investors must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and RBI's general permission under A.P. (DIR Series) Circular No.16 dated October 4, 2004, together enable the registered Foreign Institutional investors to buy (subject to the ownership restrictions discussed below) and sell, freely, securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions on Foreign Institutional investors

Under the portfolio investment scheme, the overall issue of equity shares to Foreign Institutional investors on a repatriation basis should not exceed 24% of post-issue paid-up capital of the company. However, the limit of 24% can be raised up to the permitted sectoral cap for that company after approval of the board of directors and shareholders of the company. The offer of equity shares to a single Foreign Institutional investor should not exceed 10% of the post-issue paid-up capital of the Company. In respect of a Foreign Institutional investor investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub account shall not exceed 10% of the total issued capital of the Company.

Laws and Regulations relating to the cement industry

The applicable cement laws and regulations include the following:

1. **Cement Control (Amendment) Order, 1989**

   Pursuant to Notification No.1-5/89-Cem, dated March 1, 1989 (S.O. No. 168(E)), the Cement Control Order, 1967 was amended vide the Cement Control (Amendment) Order, 1989 ("the amended Order") with a view to remove the Government of India's control over price and distribution of cement. The amended Order provides for maintenance of books relating to production, removal, sale and transfer of cement (excluding white cement) by the producer and furnishing of returns or such other information as may be specified by the Central Government. The amended Order also provides for the maintenance of a Cement Regulation Account by the Development Commissioner for the cement industry. The amount credited in this account is to be used, *inter alia*, for reimbursing the producer towards equalizing freight or concession in the matter of export price.

2. **Cement Cess Rules, 1993**

   The Cement Cess Rules, 1993, impose a cess on the manufacture of cement. The Cement Cess Rules provide for (i) monthly returns to be filed by the producer with the appropriate authority and (ii) the amount due every month to be deposited by the 15th of the subsequent month. The proceeds of the cess are to be utilized for research and development in cement manufacturing and persons engaged in cement industry.

3. **Cement (Quality Control) Order, 2003**

   The Cement (Quality Control) Order, 2003, has been framed under the Bureau of Indian Standards Act, 1986, and prohibits sale, manufacture and distribution of cement which does not meet the quality requirements specified by the BIS or does not bear the standard mark, and requires a manufacturer of cement to make an application to the BIS for obtaining a license for use of the standard mark.

Mining Laws and Regulations

The Central Government has the power to regulate mines and mineral development under Entry 54 of List-I of the Seventh Schedule to the Constitution of India to the extent to which such regulation and development is declared by the Parliament by law to be expedient in the public interest. The State Governments have been given powers under Entry-23 of List-II of the Seventh Schedule to the Constitution of India to regulate mines and mineral development subject to the Union's power under Entry 54 of List-I thereof.

The mining laws and regulations that may be applicable to the Company include the following:

1. Limestone and Dolomite Mines Labour Welfare Fund Act, 1972;
2. Limestone and Dolomite Mines Labour Welfare Fund Rules, 1973;
3. Metalliferous Mine Regulations, 1961.
4. Mineral Conservation and Development Rules, 1988;
5. Mines and Minerals (Development and Regulation) Act, 1957 (the "MMDR Act") and Mineral Concession Rules, 1960 (the "Mineral Rules");
6. Mining Lease (Modification of Terms) Rules, 1956;
7. Rajasthan Minor Minerals Concession Rules, 1986;
8. The Mines Act, 1952 and Mines Rules, 1955; and
9. The Payment of Wages (Mines) Rules, 1956.

Description of the Principal Mining Regulations

- The grant and renewal of a mining lease is governed by the provisions of the MMDR Act and the Mineral Rules.
- The MMDR Act prohibits any person from undertaking any mining operations without obtaining a mining lease.The Mineral Rules require that mining leases in respect of limestone should be obtained and renewed from time to time from the State Government. Mining rights are subject to compliance with certain terms and conditions specified under the Mineral Rules. The Central Government and the State Governments have the power to take actions with respect to mining rights, including the imposition of fines or restrictions,

the revocation of the mining rights or implementation of a change in the amount of royalty payable.

Grant of Lease

- Under the MMDR Act, a mining lease is granted for a minimum period of twenty years and a maximum period of thirty years. The term of the mining leases granted to the Company by the State Government of Rajasthan is 20 years.

- On receipt of an application for grant of a mining lease, the State Government takes a decision to grant the precise area for the mining lease and communicates the same to the applicant. The maximum area which may be granted under a lease is ten square kilometers in one or more mining leases. The Central Government may, however, relax this restriction in the interest of development of the mineral.

- The Mineral Rules mandate that within six months of the said communication from the State Government, or such other extended period as may be permitted by the State Government, a five year mining plan has to be submitted for approval by the Central Government. The mining plan lays down the detailed procedure for conducting the mining operations. The mining plan approved by the Central Government is submitted to the State Government for grant of the mining lease over the specified area. In case of cement grade limestone, the mining plan is approved by the Indian Bureau of Mines, Ministry of Mines, Government of India

- Under the Mineral Rules, during the term of the mining lease, the lessee is required to pay royalty or dead rent, whichever is higher, to the State Government. Under the Second Schedule of the MMDR Act, the current rate of royalty applicable to a limestone lease is Rs.45 per tonne. Under the Third Schedule, the current rate of dead rent is Rs.100 per hectare per annum for the first two years and Rs.400 per hectare per annum for each subsequent year.

Renewal of Lease

Under the Mineral Rules:

(a) an application for renewal of mining lease has to be made to the State Government. Before the grant of approval for second or subsequent renewal of a mining lease, the State Government seeks a report from the Controller General of the Indian Bureau of Mines in respect of whether the grant of renewal will be in the interest of the development of the mineral. If a report is not received from the Controller General of Indian Bureau of Mines within three months of receipt of communication from the State Government, it would be deemed that the Indian Bureau of Mines does not have an adverse report regarding the grant of renewal of the mining lease.

(b) a person is required to apply for renewal of the mining lease at least twelve months prior to the date of expiry of the subsisting mining lease. Any delay in filing an application for renewal can be condoned by the State Government on merits provided that the application is made prior to the date of expiry of the subsisting mining lease.

(c) an application for renewal of the mining lease in time authorizes a person to continue mining operations beyond the date of expiry of the subsisting mining lease until the State Government decides on the application for renewal. If an application for renewal is made in time, the period of that lease is deemed to have been extended by a further period until the State Government passes orders thereon.

(d) a person seeking renewal of the mining lease for a mineral which is used in such person's own industry is entitled for renewal of the lease for a period not exceeding twenty years.

Environmental clearance from the Ministry of Environment and Forest, Government of India is also required at the time of renewal of a mining lease if the area under the lease is in excess of 5 hectares and the mining lease is in respect of a major mineral.

Determination of Lease

- A notice of 12 months must be given to the State Government before determination of the lease by the lessee.

- In case of closure of the mine by the lessee, a final mine closure plan must be approved by the Regional Controller of Mines and a certificate that the conditions of the mine closure plan have been complied with must be obtained from the Regional Controller of Mines.

- A partial surrender of rights for mining certain minerals is permitted in certain conditions and a notice of six months must be given prior to surrender of the rights.

Transfer of Lease

- Under the Mineral Rules, the prior consent of the State Government in writing is required for transfer of a mining lease. Further, the transferee must accept all the conditions and liabilities to which the transferor was subject in respect of such lease.

2. Environment Regulation

Three major statutes, which seek to regulate and protect the environment against pollution related activities in India are the Water Act, the Air Act, and the Environment Protection Act..

The Water Act, was enacted with the intention of providing for, inter alia, the prevention and control of water pollution, the maintaining or restoring of wholesomeness of water and for the establishment of Boards to carry out the purposes aforesaid. This Act constitutes a Central Pollution Control Board and State Pollution Control Board.

The Air Act was enacted to provide for the prevention, control and abatement of air pollution, and to confer on and assign on Boards established for such purposes the powers and functions relating thereto and for matters connected therewith.

The Central and State Boards constituted under the Water Act, have been assigned to perform the functions under the Air Act, as well. The Air Act, inter alia, stipulates that no person shall, without the prior consent of the appropriate State Board, establish or operate any industrial plant in an air pollution control area, as defined therein.

The Environment Protection Act, enacted with the purpose of protecting and improving the environment, empowers the Central Government to, inter alia, take all such measures as it deems necessary or expedient for the purpose of protecting and improving the quality of the environment and preventing, controlling and abating environmental pollution, make rules for various purposes including prescribing the standards of quality of air, water or soil for various areas and purposes and prescribing the maximum allowable limits of concentration of various environmental pollutants for different areas, laying down standards for emission or discharge of environmental pollutants from various sources, restriction of areas in which any industries, operations or processes or class of industries, operations or processes shall not be carried out or shall be carried out subject to certain safeguards; and inspection of any premises, plant, equipment, machinery, manufacturing or other processes, materials or substances and giving, by order, of such directions to such authorities, officers or persons as it may consider necessary to take steps for the prevention, control and abatement of environmental pollution.

As per the Environment Protection Act and relevant State enactments, in order to set up a cement plant, various environmental clearances have to be obtained from the Central and State Governments. The Environment Impact Assessment Notification issued by the Ministry of Environment and Forests on January 27, 1994 (as amended in May 1994) made environmental impact assessments mandatory for setting up of a new project or for the expansion or modernisation of any existing industry or project specified therein including the cement industry. This Notification specifies detailed procedures for making applications for setting up of a new project or expansion or modernization of an existing industry or project which are required to be accompanied by a project report which is required to, inter alia, include an Environmental Impact Assessment Report/Environment Management Plan and details of public hearing held as specified therein.

State Governments are required to set up State Pollution Control Boards to enforce the provisions of the environmental legislation and foresee environmental management and pollution control under different laws which are in turn overseen by the Central Pollution Control Board.

At the time of renewing a mining lease, environmental clearance is not required so long as there is no increase in the originally sanctioned lease area and/or production. The Bidder is required, however, to seek prior environmental clearance from the GoI for expanding production and/or mining lease area irrespective of the quantum of increase in size of area/production/or investment involved.

The Forest (Conservation) Act, 1980 has been enacted for the conservation of forests, and inter alia, stipulates that no State Government shall make, except with the approval of the Central Government, any order directing that any forest land may be assigned by way of lease or otherwise to any private person or corporation not owned or controlled by the Government.

The management, storage and disposal of hazardous waste is regulated by the Hazardous Waste Management Rules, 1989 made under the Environment Protection Act. Under these Rules, the Prevention and Control of Pollution Boards are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

Under the Environment Protection Act and relevant state enactments, in order to set up a cement plant, various environmental clearances have to be obtained from the Central and the State Governments. Until January 1994, obtaining an environmental clearance from the Central Government was only an administrative requirement intended for mega projects undertaken by the Government or Public Sector Undertakings. However, the "EIA Notification" issued by the Ministry of Environment and Forests ("MoEF") in January 1994 (as amended in May 1994) made environmental impact assessments mandatory for 29 different identified activities and industries, including the cement industry. This notification includes detailed procedures for obtaining environmental clearance and for public involvement and also sets schedules for decision-making.

Once an industry has been set up, it is required to meet the standards for emissions, effluents and noise levels prescribed under the Environment (Protection) Rules framed under the Environment Protection Act. Most states have State Pollution Control Boards ("SPCB"), which have a significant role to play in enforcing environmental management, and pollution control as required under different laws.

The Rajasthan State Pollution Control Board ("RSPCB") is responsible for environmental management at the state level, with emphasis on air and water quality. The RSPCB is responsible for enforcing and monitoring all activities within Rajasthan and for issuing No-Objection Certificates "NOC" for industrial development under the Water Act, the Cess Act of 1977 and the Air Act.

Other Environmental Laws and Regulations

The other environmental laws and regulations that are applicable to the Company include the following:

- Explosives Act, 1884;
- Gas Cylinder Rules, 1981;
- Hazardous Waste (Management and Handling) Rules, 1989;
- Indian Explosives Rules, 1983
- Industries (Development and Regulation) Act, 1951; and
- The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950;

Labour Laws and Regulations

- Contract Labour (Regulation and Abolition) Act, 1970;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Factories Act, 1948;
- Industrial Disputes Act, 1947 and Industrial Disputes (Central) Rules, 1957;
- Maternity Benefit Act, 1961;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Rajasthan Factories Rules, 1951
- Shops and Commercial Establishments Act, 1953 and the relevant state legislation thereunder ;
- Professional Tax Act (Maharashtra), 1975;
- Trade Union Act, 1926; and
- Workmen's Compensation Act, 1922.

\Other Laws and Regulations

Certain other laws and regulations that may be applicable to the Company include the following:

- Atomic Energy Act, 1962;
- Bureau of Indian Standards Act, 1986;
- Electricity (Supply) Act, 1948;
- Fiscal Laws and Regulations including the I.T. Act, Central Excise Act, 1944, the Customs Tariff Act, 1975, and the Central Sales Tax Act, 1956 including State laws and regulations related thereto;
- Indian Electricity Rules, 1956;
- Indian Electricity Rules, 1958;
- Petroleum Act, 1934;
- Rajasthan Petroleum Products (Licensing and Control) Order, 1990;
- Solvent, Raffinate and Slop (Acquisition, Sale, Storage and Prevention of Use in Automobiles) Order, 2000;
- Standards of Weights and Measures Act, 1956; and
- The Standard of Weights and Measures (Enforcement) Act, 1985.

HISTORY AND CERTAIN CORPORATE MATTERS

Incorporation, History and Key Events

BCL is the flagship company of the Binani group which has diverse manufacturing interests in cement, zinc and glass fibre.

The Company was incorporated in Kolkata, West Bengal on January 15, 1996 as Dynasty Dealer Private Limited. The name of the Company was changed to Binani Cement Private Limited and a fresh certificate of incorporation was issued to it by the RoC on April 23, 1998. Subsequently, the Company was converted into a public company and the name was changed to Binani Cement Limited vide a fresh certificate of incorporation dated October 6, 1998. The Company's Registered Office is at 706, Om Tower, 32, Chowringhee Road, Kolkata - 700071. The Company's Corporate Office is at Mercantile Chambers, 12 J.N Heredia Marg, Ballard Estate, and Mumbai- 400001.

The Company's cement plant is in Pindwara, District Sirohi, Rajasthan. The main plant and machinery has been supplied by M/s F L Smidth, Denmark along with their then Indian Associates M/s. Larsen and Toubro Ltd. The Sirohi facility is located on the Mumbai – Ahmedabad – New Delhi highway at a distance of 2.5 km from the New Delhi - Ahmedabad rail line and approximately 435 km from Kandla Port. The Company commenced commercial production at the plant on November 1, 1997.

The Company filed a scheme of amalgamation under Section 391 of the Companies Act before the High Court of Calcutta for merger with Munga Holdings Limited ("MHL"). The High Court of Calcutta approved the scheme on January 16, 2001. However, due to the delay in obtaining the approval from lenders of the Company, the scheme of amalgamation became effective only in Sepember 2003 pursuant to which MHL was merged with the Company. The amalgamation was made effective from April 1, 2000.

In September 2005, the promoter BIL sold 50,775,318 Equity Shares held by it in the Company (representing 25% of the equity share capital of the Company) to Silver Peak Investments (Mauritius) Limited, subsequently renamed as JPMSSM for an aggregate consideration of Rs. 1.2 billion. As a result of the purchase, JPMSSM has also been granted certain rights in the Company such as the right to nominate one director on the Board of Directors of the Company. For further details, please refer to the section "History and Certain Corporate Matters – Acquisition of Shares by JPMSSM" on page 68 of this Prospectus. JPMorgan Special Situations Asia Corporation has also extended a term loan of Rs. 1.3 billion to the Company through its Indian affiliate, J.P. Morgan Securities India Private Limited ("JPMSIPL") towards part-financing the Company's expansion project. As of April 2, 2007, the term loan of Rs. 1.3 billion has been re-financed by JPMorgan Chase Bank N.A., Mumbai, on similar terms and conditions.

In August 2006, BIL sold 20,500,000 Equity Shares to GPHL for Rs. 1.4965 billion. For further details, please refer to the section "History and Certain Corporate Matters – Acquisition of Shares by GPHL" on page 69 of this Prospectus.

The Board of Directors of BIL have approved a swap of upto 50% of the issued share capital of BIL held by its members for the Equity Shares of the Company and the equity shares of BZL held by BIL ("Scheme"). Consequent to such share swap, shareholders of BIL will have an option to receive Equity Shares of the Company and the equity shares of BZL while their shareholding in BIL will stand cancelled and they will cease to be shareholders of BIL. The swap ratio has been fixed at 25 Equity Shares of the Company and 25 existing fully paid equity shares of BZL of Rs. 10 each for every 20 existing fully paid equity shares of Rs. 10 each of BIL. The swap ratio has been arrived at on the basis of the valuation report by N M Raiji and Co and fairness report of Kanu Doshi and Associates. The Scheme under Section 391 and other applicable provisions of the Companies Act has been approved by the BSE and the CSE and the High Court of Calcutta vide its order dated November 28, 2006. The detailed court order is awaited. The eligible number of equity shares of BIL available for swap is upto 14,798,212 (being 50% of the total paid up equity shares of BIL). In the event that the Scheme is implemented in its entirety, upto 18,497,765 Equity Shares of the Company held by BIL may be offered to the shareholders of BIL in exchange for upto 14,798,212 equity shares of BIL held by them.

Main Objects of the Company

The main objects of the Company as stated in the Memorandum of Association include the following:

1. To carry on the business as manufactures and dealers in Grey Cement, White Portland Cement, Ordinary Portland Cement and Cement of all kinds and varieties, concrete, lime, clay, gypsum and limestone, sagole, soap, stone, repilix cement and allied products and by-products.

2. To establish, construct, acquire run, operate on any factory for manufacturing and selling of cement and allied products.

The Company has been carrying on its activities in accordance with the objects stated in its Memorandum of Association.

Subsidiaries and Joint Ventures

The Company has no subsidiaries / joint ventures.

Agreement between the shareholders of the Company:

Acquisition of Equity Shares by JPMSSM

BIL entered into a Share Purchase Agreement (SPA) with Silver Peak Investments (Mauritius) Limited (subsequently re-named as JPMSSM) on September 24, 2005 for the sale of 50,775,318 equity shares of the Company representing 25% of the issued and paid up equity share capital of the Company held by them. The total consideration for the sale of the Equity Shares was Rs. 1.2 billion. Consequent thereto, a Shareholders Agreement (SHA1) was entered into on September 29, 2005 between BIL and JPMSSM to which the Company is a party. Some of the important provisions of SHA1 are given below:

i) There will be a minimum of 3 and maximum of 8 Directors (excluding directors nominated by public financial institutions) of which BIL shall be entitled to nominate up to 7 (seven) Directors and JPMSSM 1 (one) Director (as long as JPMSSM holds at least 10% of equity share capital of the Company).

ii) No decision on any of the following matters can be taken at a meeting of the Board without the affirmative vote of the director nominated by JPMSSM:

    a. any change in the accounting year of the Company or to the accounting policies of the Company.

    b. the entry by the Company into of any joint venture, partnership, consortium, or any other association of, or contract between, persons or legal entities to engage in business for profit.

    c. any material change to the business of the Company or the cessation of any business operation of the Company which would materially adversely impact the financial condition of the Company.

    d. the issuance of any convertible instrument to any lender of the Company.

    In terms of the SHA1, the aforesaid rights of JPMSSM shall not be in force pursuant to the listing of Equity Shares of the Company.

iii) BIL shall, before transferring or proposing to transfer any amount of Equity Shares of the Company or before entering into any agreement with a proposed transferee, that results in a change of controlling interest of BIL in the Company, (controlling interest meaning the right of BIL to control the majority shares or nominate a majority of the Board of the Company), first give notice in writing to JPMSSM, giving JPMSSM the right to exercise its right to acquire all such equity shares proposed to be transferred. In the event JPMSSM does not acquire the Equity Shares and BIL decides to sell the Equity Shares to any third party, JPMSSM shall have the option to require the proposed transferee to purchase all or some of such equity shares held by JPMSSM.

iv) BIL has a right of first offer with respect to any block sale (over 10% equity share of the Company) by JPMSSM to a third party in a single transaction (either by a negotiated deal or a block trade) or to a third party by a negotiated deal when added to previous sales by JPMSSM to the same third party, which results in a sale by JPMSSM to the third party over 10% of its Shareholding in the Company.

v) The aforesaid transfer restrictions shall not apply to an offer for sale by BIL of its shareholding in the Company that would not result in a change of controlling interest held by BIL in the Company.

vi) BIL and the Company have agreed to use their best efforts to carry out the listing of the equity shares of the Company on the Stock Exchanges in accordance with the rules and regulations of the Stock Exchanges and other applicable laws within 18 months from October 3, 2005.

vii) If, despite BIL and the Company using their best efforts, a listing is not achieved prior to the expiry of 18 months from October 2, 2005, then:

a. BIL's right of first offer shall expire.

b. BIL and the Company shall fully cooperate with JPMSSM to carry out a public offering of such number of shares held by JPMSSM as is determined by JPMSSM that leads to a listing in accordance with the applicable rules and regulations of the Stock Exchanges and other applicable laws.

viii) Until the equity shares of the Company are listed JPMorgan Special Situations Asia Corporation which owns JPMSSM shall not acquire a controlling interest in a company competitor whose principal business is in Rajasthan, namely Mangalam Cement, Shree Cement, Shriram Cement, JK Lakshmi and JK Udaipur Udyog, either directly or through any entity established by JPMorgan Special Situations Asia Corporation.

ix) SHA1 shall be automatically terminated if JPMSSM or BIL has less than 10% shareholding in the Company.

Acquisition of Equity Shares by GPHL

BIL entered into a Share Purchase Agreement with GPHL on July 29, 2006 for the sale of 20,500,000 Equity Shares representing 10.09% of the equity share capital of the Company. The total consideration for the sale of these Equity Shares was Rs. 1.4965 billion. The Company, BIL and GPHL have also entered into a Shareholders Agreement (SHA2) on July 29, 2006. The salient features of SHA2 are given below.

(i) Rs. 580 million of the consideration paid by GPHL shall be used by the Company towards capacity expansion, Rs. 600 million and Rs. 100 million shall be used towards payment of debts and capacity expansion of BZL and GGF whereas Rs. 180 million shall be used towards repay inter corporate deposits within the group companies of BIL;

(ii) BIL shall have 51% shareholding in the Company as long as GPHL has 5% shareholding in the Company;

(iii) GPHL shall have the right to send an observer to the Board meetings of the Company.

(iv) Further, as long as GPHL has 5% shareholding in the Company, its affirmative vote shall be required on the following matters:

(a) any amendment to the Articles of Association of the Company affecting the rights of GPHL or any material change of business of the Company or any cessation in business activities of the Company which would materially adversely impact the financial condition of the Company;
(b) voluntary winding up of the Company or an increase/reduction in the share capital of the Company;
(c) the entry by the Company into of any joint venture, partnership, consortium, or any other association of, or contract between, persons or legal entities to engage in business for profit; and
(d) payment of dividend not in accordance with the dividend policy of the Company.

In terms of the SHA2, the aforesaid rights of GPHL shall not be in force pursuant to the listing of Equity Shares of the Company.

(v) The Company and GPHL shall undertake best endeavours to obtain listing of the Equity Shares within 18 months of this shareholders agreement.

(vi) As long as GPHL has 5% shareholding in the Company, it shall not acquire any controlling interest in any competitor of the Company in Rajasthan, namely Mangalam Cement, Shree Cement, Shriram Cement, JK Lakshmi and JK Udaipur Udyog.

(vii) The SHA2 shall automatically be terminated in the event that GPHL's shareholding in the Company goes below 5%.

Shareholders Agreement between BIL, BCL, JPMSSM and GPHL

BCL, BIL, JPMSSM and GPHL have entered into a shareholders agreement (SHA3) on July 29, 2006 in order to regulate their respective rights and obligations in the Company. The salient features of SHA3 are given below.

(i) Prior to the listing of the Equity Shares on the Stock Exchanges and subject to JPMSSM and GPHL having 10% and 5% shareholding respectively in the Company, any issue of Equity Shares at a price less than Rs. 73 per Equity Share shall first be offered to each existing shareholder of the Company in proportion to their percentage of shareholding in the Company.

(ii) SHA3 shall terminate on the earliest of any of the following occurring:

(a) One shareholder acquiring all shares of the Company;

(b) In respect of JPMSSM, the day on which JPMSSM has less than 10% shareholding of the Company or when SHA1 is terminated by any party to it;

(c) In respect of BIL, when BIL has less than 5% shareholding in the Company;

(d) In respect of GPHL, when GPHL has less than 5% shareholding or when BIL acquires a majority of GPHL's share capital; and

(e) Upon the listing of the Equity Shares of the Company.

There were certain restrictive covenants that had been incorporated into the Articles of Association of the Company pursuant to the above stated shareholder agreements. The said restrictive covenants have been deleted by a special resolution at an EGM of the Company on October 27, 2006.

Changes in Memorandum of Association

Since its incorporation, the following changes have been made to the Company's Memorandum of Association:

Date of Amendment	Details of Amendment
March 16, 1998 – EGM	(A)Main Objects Clause nos. 1 and 2 1. To carry on the business as manufacturers and dealers in Grey Cement, White Portland Cement, Ordinary Portland Cement and Cement of all kinds and varieties, Concrete, Lime, Clay Gypsum and Lime Stone, Sagole, Soap Stone, Repilix Cement and allied products and by-products. 2. To establish, construct, acquire run, operate on any factory for manufacturing and selling of Cement and allied products. (B) Clause V The Authorized Capital was increased from Rs. 100,000 divided into 10,000 Equity Shares of Rs. 10 each to Rs. 10,000,000 (Rupees Ten Million only) divided into 1,000,000 Equity Shares of Rs. 10 each with the power to issue new shares on such terms and conditions and with such rights and privileges attached thereto as are provided by the regulations of the Company for the time being in force.
September 18, 1998 - EGM	Clause V The Authorised Capital of the Company was increased to Rs. 3,010,000,000 (Rupees Three thousand Ten Million only) divided into 201,000,000 Equity Shares of Rs. 10 each and 10,000,000 – 12% cumulative redeemable preference shares of Rs. 100 each with the rights, privileges and conditions attaching hereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations

Date of Amendment	Details of Amendment
	of the Company and to vary modify, abrogate or reclassify any rights, privileges or conditions in any manner as may for the time being be provided by the regulations of the Company.
February 23, 1999 - EGM	Clause V The Authorised Share Capital was increased to 4,010,000,000/- (Rupees Four Thousand and Ten Million only) divided into 301,000,000/- (Three Hundred One Million) Equity shares of Rs.10/- each and 10,000,000/- (Ten Million) 12% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each with the rights, privileges and conditions attaching hereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary modify, abrogate or reclassify any rights, privileges or conditions in any manner as may for the time being be provided by the regulations of the Company.
August 30, 1999 - EGM	Clause V The Share Capital of the Company was reorganised to Rs. 4,010,000,000/- (Rupees Four Thousand and Ten Million only) divided into 401,000,000/- (Four Hundred and One Million) Equity shares of Rs.10/- (Rupees Ten Only) with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary modify, abrogate or reclassify any rights, privileges or conditions in any manner as may for the time being be provided by the regulations of the Company.
Kolkata High Court Order dated December 11, 2000	Clause V Pursuant to the Company Petition No.522 of 2000 connected with Company Application No.644 of 2000, the Authorised Share Capital of the Company stood at Rs. 4,238,996,000/- divided into 423,899,600 Equity Shares of Rs.10/- each.
September 29, 2005 - EGM	Main Objects Clause No.3 The word "wholesale" has been added.
September 29, 2005 - EGM	Main Objects Clause no. 4 The words 'traders" and "retailers" have been deleted.

Key Awards and Recognitions

Year	Award
2001-2002	Second Best National Award for Quality Excellence from NCCBM, New Delhi.
2001-2002	The Company’s limestone mines were awarded with the second prize in overall performance during the XII Mines Environment and Mineral Conservation Week, 2001-02.
2001-2002	The Company’s limestone mines were awarded with the first prize in overall performance during the XII Mines Environment and Mineral Conservation Week, 2001-02.
2001-2002	Meritorious Presentation certificate at the National Convention of Quality Circle, 2001.
2002-2003	Excellent Case Study Presentation Award at the 27th International Convention of Quality Control Circle, 2002.
2002-2003	Quality certification for OHSAS 18001:1999 from KPMG Quality Registrar.
2002-2003	The Company’s limestone mines were awarded with the first prize in overall performance

Year	Award
	during the XXVI Mines Safety Week, 2002
2002-2003	The Company's limestone mines were awarded the first prize in overall performance during the XIII Mines Environment and Mineral Conservation Week, 2002-03.
2003-2004	Certificate of Excellence, 2003 for the cement plant at the Company's Sirohi facility from the Rajasthan State Productivity Council.
2003-2004	Excellent Case Study Presentation Award at the 17th National Convention of Quality Circle.
2003-2004	Second Best Quality Excellence Award from NCCBM, New Delhi for quality excellence in the cement industry for 2001-02.
2004-2005	The Excellent Case Study Award and Distinguished Case Study Award were awarded to the Company's mines and crusher section and raw mill section respectively at the 16th National Convention of Quality Circle from Quality Circle Forum of India, Mumbai.
2004-2005	Recertification of quality standards for ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999 from KPMG Quality Registrar.
2004-2005	Second prizes in Afforestation, Publicity and Propaganda, Vibration Control, Community Development and Energy Conservation were awarded to the Company's mines at the XV Mines Environment and Mineral Conservation Week, 2004-05.
2005-2006	Rajasthan State Productivity Council Efficiency Award, 2004 for productivity achievement.
2005-2006	National Award for Best Thermal Energy Performance, 2003-04 from NCCBM, New Delhi.
2005-2006	"Three Leaves" rating from the Centre for Science and Environment, New Delhi under their Green Rating Project.
2006-2007	National Energy Conservation Awards – 2006: Certificate of merit in cement sector, awarded by the Ministry of Power, Government of India.

MANAGEMENT

Under the Articles of Association, the Company is required to have atleast 3 Directors and not more than 13 Directors. The Company currently has 8 directors.

The following table sets forth details regarding the Board of Directors of the Company:

Name, Father's Name, Residential Address, Occupation and Term	Designation	Age	Other Directorships
Mr. Braj Binani S/o. Late Shri Ghanshyam Binani. *Non Executive Chairman* Ratnam Apts, 4, Little Gibbs Road, Mumbai 400 006 Occupation: Industrialist Term: Liable to retire by rotation	Chairman	47	BIL GGFL WIEL Binani Metals Limited BZL
Mr. S. Padmakumar S/o late Shri C.P.Sankara Pillai *Independent Director* Sansar, Jawahar Nagar Trivandrum 695 041 Occupation: Retired Chief Secretary to Govt. of Kerala Term: Liable to retire by rotation	Director	72	Andhra Bank Limited BPL Limited English Indian Clays Limited BIL WIEL GGFL City Theatres (P) Ltd. BZL
Mr. Sushil Bhatter *Non Independent Non Executive Director* S/o. Shri Moti Lal Bhatter 401, Corsica, Sector 29, Plot No.44, Vashi, Navi Mumbai 400703 Occupation: Service Term: Liable to retire by rotation	Director	50	BIL GGFL WIEL BZL R.B.G. Minerals Industries Limited Ess Vee Alloys Pvt. Ltd. Binani Mazak Pvt. Limited.
Mr. P. Sheoran S/o Kshemchandra Sheoran *Wholetime Director* D- 3, Binani Township, Binanigram, District Sirohi, Rajasthan 307025 Occupation: Service Term: January 1, 2007 to December 31, 2008	Wholetime Director designated as President (Works)	56	Nil
Mr. D. Sundararajan S/o Shri S. Devanathan *Wholetime Director* Griselda, Flat No. 601, 6th Floor, Plot No.35, 5th Road, Off Bhau Daji Road Near Indian Gymkhana Matunga (East), Mumbai 400 019 Occupation: Service Term: January 1, 2007 to April 30, 2008	Wholetime Director designated as "Executive Director"	51	BZL Binani Mazak Pvt. Limited

Name, Father's Name, Residential Address, Occupation and Term	Designation	Age	Other Directorships
Mr. V Subramanian S/o. Late. Shri. Doraiswamy Venkatakrishnan *Independent Director* Flat No.3,1st Floor, G.S. Flats Old No.25A (New No.14) East Abhiramapuram, II street Mylapore, Chennai 600 004 Occupation: Business Consultant Term: Liable to retire by rotation	Director	76	BZL WIEL BTCL Triton Trading Co. Pvt.Ltd. K.B. Vyapar Pvt.Ltd. Manjushree Holdings Pvt.Ltd. Vijayshree Holdings Pvt.Ltd. BM Retailers Pvt.Ltd. Total Composites Pvt.Ltd. Sambhaw Holdings Ltd. Suryamukhi Vintrade Pvt. Limited
Dr. V C Shah S/o Late Shri Chimanlal Shah *Independent Director* 21 Suvarnapuri Society Ground Floor , Chetalpur Road Chikuwadi, Vadodara 390005 Occupation: Business Consultant Term: Liable to retire by rotation	Director	79	BIL Coastal Roadways Ltd. Shardul Securities Ltd. Ambalal Sarabhai Enterprises Ltd.
Mr. Sanjai Vohra *Non Independent Non Executive Director* S/o. Mr. Ashwani Vohra 9th Floor, Apt. A-2, Park Place, 7 Tai Tam Reservoir Road, Hong Kong Occupation: Investment Banking Term: Liable to retire by rotation	Director (Nominee of JPMSSM)	46	L&T Infrastructure Development Projects Limited

Details of the Directors

Mr. Braj Binani was appointed as a Director of the Company with effect from February 16, 1998 and as Vice Chairman and Managing Director of the Company with effect from November 1, 1998. He was appointed as the Chairman and Managing Director with effect from September 28, 2001 and continued in the same capacity till March 31, 2005. He is the Chairman of the Company since April 1,2005. He is the Promoter and Chairman of BIL. Mr. Binani is a Honours Graduate in Commerce and is instrumental in the diversification initiative of the Binani Group into cement and glass fibre. He was also associated in the expansion of zinc smelter capacity and its modernization. He is responsible for the growth of the Binani Group in India.

Mr. Sushil Bhatter was inducted on the Board of the Company on March 26, 2004. He is a Chemical Engineer (Honors) from Birla Institute of Technology and Science, Pilani and has been working for the Binani group since 1980 in various capacities. He has handled the zinc smelter expansion and also glass fibre project implementation of the group. He is presently designated as Managing Director of Binani Industries Limited.

Mr. D. Sundararajan was appointed as a Director of the Company with effect from April 27, 2005. He is a post graduate in Mathematics and graduate in law. He is an associate of ICWA and Indian Institute of Bankers. He joined the services of the Company in November 2004 and was appointed as a Whole Time Director with the designation of "Executive Director", since May 1, 2005. He has 30 years of extensive experience in finance and banking and is in overall charge of finance functions of the Binani Group.

Mr. P Sheoran was inducted on the Board of the Company on July 27, 2006 as Wholetime Director designated as President (Works) w.e.f. August 01, 2006. He is an Electrical Engineer from IIT Kanpur. Prior to this he was associated with various cement companies viz. Saurashtra Cement Ltd, Gujarat Sidhee Cement Ltd and ACC. His experience in the cement industry encompasses 34 years with expertise in efficient running of cement plants.

Mr. Sanjai Vohra was appointed as a Director of the Company with effect from June 11, 2006. He is a graduate in Physics from Delhi University and an MBA from the Indian Institute of Management, Ahmedabad. Mr. Vohra is currently Managing Director of the Asian Special Situations Group of JPMorgan in Hong Kong. He has over 20 years of experience in the financial services Industry across Asia with reputed institutions including JPMorgan, ING Barings, Credit Suisse First Boston, Citibank and Standard Chartered Bank.

Mr. S. Padmakumar was inducted on the Board of the Company on January 27, 2003. After a distinguished academic career, Mr. S. Padmakumar joined the Indian Administrative Service in 1957. He has served in the Kerala Cadre for 35 years in various positions such as Industries Secretary, Finance Secretary, Chief Managing Director of Kerala State Industrial Development Corporation, etc. before retiring as Chief Secretary to the Government of Kerala.

Dr. V. C. Shah is a Ph.D in Economics from Columbia University and has more than 54 years experience including as Economic Advisor, Embassy of India, at Brussels and General Manager, ICICI (Project Finance and Investment Banking) .He has also written articles in the Indian Economic Journal, Indian Economic Review, Journal of Banco Italia, Rome and The Economic Times. He is a Director in various companies and has been Director in Binani Industries Limited since 1991.

Mr. V. Subramanian is a commerce graduate and an Associate member of the Institute of Cost and Works Accountants of India. He has long 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). Thereafter he has been rendering Advisory Services to Binani Industries Limited. He was inducted into the Board of Company on 27 February 2006. He serves in the Boards of Binani Zinc Limited, Wada Industrial Estate Limited and BT Composites Limited.

Borrowing Powers of the Directors in the Company

Pursuant to a resolution passed at the extra-ordinary general meeting of the Company held on February, 23, 1999, the Board has been authorised to borrow moneys from time to time, for the purpose of Company's business in excess of the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) provided that the total amount of such borrowings together with the amounts already borrowed and outstanding shall not exceed Rs.10,000 million.

Compensation to the Directors

The non-executive Directors are paid a sitting fee of Rs. 5000 for every meeting of the Board and Rs. 2,500 for every meeting of the Committee attended by them. The whole time directors are paid remuneration and other benefits in accordance with their agreements, as described below.

Terms and Conditions of the Appointment of the Whole Time Directors

(1) Mr. D. Sundararajan: The terms of employment of Mr. D. Sundarajan have been set out in the agreement dated March 2, 2007, the salient features of which are as follows:

Salary: Rs. 500,000 per month

Perquisites: allowances for fuel and driver capped at Rs.40,000 per month,

Leave: Leave with full salary, encashment of leave accumulated but not availed.

Termination – The appointment shall be terminable by three months' notice by either party.

Sitting Fees- No sitting fees shall be paid for attending meetings of the Board or any committee thereof.

(2) Mr. P Sheoran, The terms of employment of Mr. P. Sheoran have been set out in the agreement dated January 31, 2007, the salient features of which are as follows:

Salary:
Rs. 255,000 per month to be revised in January 2008 by an increment not exceeding 10% or such amount as may be determined by the Chairman/CEO of the group.

Perquisites:

Perquisites include furnished residential accommodation, medical allowance (up to 10% of basic salary), personal accident policy, provident fund, car maintenance (Expenses of car for private purposes will be reimbursed to Company at actuals), and telephone expenses (reimbursement of expenses at actuals, all personal calls will be paid by Mr. P. Sheoran) Further, leave travel concession subject to one month's basic salary be allowed

Termination – The appointment shall be terminable by three months' notice by either party.

Sitting Fees- No sitting fees shall be paid for attending meetings of the Board or any committee thereof.

Corporate Governance

The provisions of the listing agreements to be entered into with NSE and BSE with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to the Company immediately upon the listing of the Equity Shares on the Stock Exchanges. The Company has however already complied with the corporate governance code as stipulated under clause 49 of the Listing Agreement to be entered into with the Stock Exchanges on listing.

The Board currently comprises of eight directors. The Chairman is a non-executive director and the Company has three independent directors.

Committees of the Board of Directors

Audit Committee

1. Mr. S. Padmakumar, Chairman (non- executive Independent Director)
2. Mr. Sushil Bhatter, Director
3. Mr. V. Subramanian, (non-executive Independent Director)
4. Dr. V. C. Shah, (non-executive Independent Director)

The Audit Committee was constituted on June 20, 2000 and has been reconstituted from time to time. It reviews the report of the internal auditors and the Auditors along with the comments and action taken by the management and other functions in accordance with the provisions contained in Section 292A of the Companies Act.

Remuneration Committee

1. Mr. S. Padmakumar, Chairman (non- executive Independent Director)
2. Mr. Sushil Bhatter, Director
3. Mr. V. Subramanian, (non-executive Independent Director)
4. Dr. V. C. Shah, (non-executive Independent Director)

The Remuneration Committee was constituted on November 17, 2003. It is vested with the power to review and decide the policy on specific remuneration package of the Managing Director, whole-time Directors, executive/non-executive Chairman and executive /non-executive Vice Chairman of the Company and to decide the terms of remuneration of the non-executive Director of the Company.

Shareholders/Investors' Grievance Committee

1. Mr. S. Padmakumar-Chairman (non- executive Independent Director)
2. Dr. V.C.Shah , (non-executive Independent Director)
3. Mr. Sushil Bhatter, Director
4. Mr. V.Subramanian, (non-executive Independent Director)

The Shareholders Grievance Committee was constituted on January 27, 2006. It is responsible for redressal of shareholders' and investors' complaints relating to transfer of shares, non-receipt of balance sheet, and non-receipt of dividends declared. It is also responsible for reviewing the process and mechanism of redressal of investor complaints and suggesting measures of improving the existing system of redressal of investor grievances.

Shareholding of the Directors in the Company

The Articles of Association of the Company do not require the Directors to hold any qualification shares. The following table provides the details of the shareholding of the Directors and their relatives as on January 31, 2007.

Sr. No.	Name of Shareholder	Number of shares
1	Mr. Braj Binani (as a nominee of BIL)	50
2	Mr. V. Subramanian jointly with Mr. Sauvik Nayak (as nominees of BIL)	10

Note: The above equity shares are held as Nominee(s) of BIL and the beneficial interest in the same is with BIL.

Interest of the Directors

All the Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration, reimbursement of expenses, if any, payable to them. The whole-time Directors are also interested to the extent of remuneration paid to them for services rendered as an officer or employee of the Company, commission, and entitlement, if any, under the profit sharing scheme.

The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to any body corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees.

The Directors have no interest in any property acquired by the Company within two years of the date of filing of this Prospectus. For details of related party transaction see the section titled "Financial Statements – Related Party Transactions" on page 133.

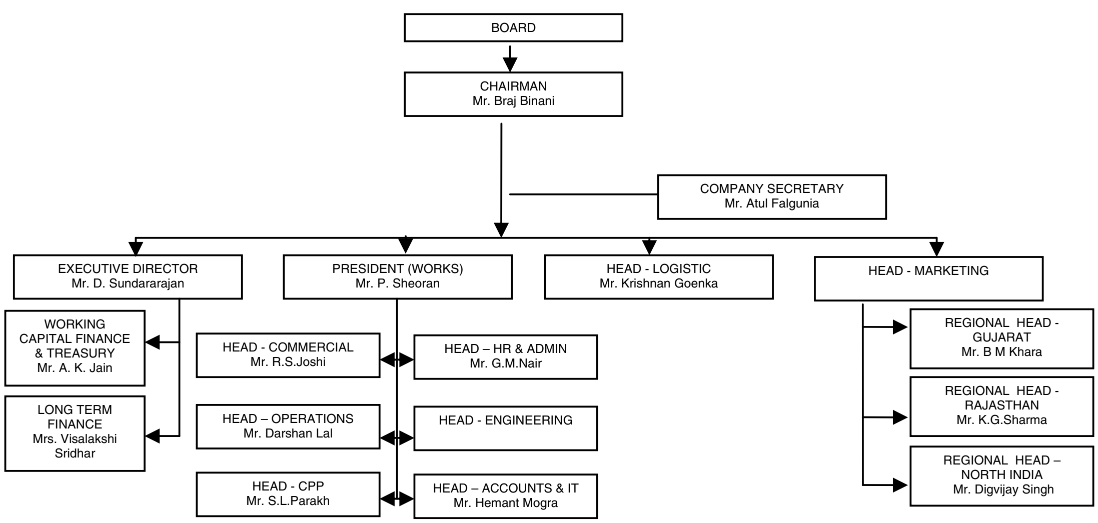
Changes in Board of Directors in the last three years

The following are the changes in the Board of Directors during the last three years:

Name of Director	Date of Appointment / Re-appointment	Date of Cessation	Reason
Mr. Sushil Bhatter	March 26, 2004		Appointment as Additional Director
Mr. Deo Hirawat		September 1, 2004	Resignation
Mr. Braj Binani		March 31, 2005	Resigned as Managing Director but continues to be the Chairman of the Company with effect from April 01,2005
Mr. D. Sundararajan	April 27, 2005		Appointment as Additional Director with effect from April 27, 2005 and designated as Executive Director with effect from May 1, 2005.
Mr. P. Sheoran	July 11, 2005		Appointed as Addiitional Director
Mr. P. Sheoran		July 11, 2005	Appointment not given effect
Mr. S. S. Khandekar		July 31, 2005	Demitted Office as Wholetime Director

Name of Director	Date of Appointment / Re-appointment	Date of Cessation	Reason
Mr. S. S. Khandekar	August 3, 2005		Appointed as Wholetime Director
Mr. V. K. Saxena		August 3, 2005	Withdrawal of Nomination by IDBI
Mr. Bradley Dean Landes	October 27, 2005		Appointment as Additional Director
Mr. Sanjai Vohra	October 27, 2005		Appointment as Alternate Director (Alternate to Mr. Bradley Dean Landes)
Mr. R. Sankaran		January 9, 2006	Resignation
Mr. Arun V. Singnapurkar	January 27, 2006		Appointed as Additional Director designated as President (Works)
Mr. S. S. Khandekar		February 01, 2006	Resignation
Mr. V. Subramanian	February 27, 2006		Appointed as Additional Director
Dr. V. C. Shah	February 27, 2006		Appointed as Additional Director
Mr. Arun V. Singnapurkar		July 27, 2006	Resignation
Mr. Bradley Dean Landes		June 11, 2006	Resignation
Mr. Sanjai Vohra	June 11, 2006		Appointed as Additional Director
Mr. P. Sheoran	August 1, 2006		Appointed as Additional Director w.e.f. August 1, 2006 and designated as President (Works)

Organisational Structure



Key Managerial Personnel

In addition to the whole-time Directors, following are the key managerial employees of the Company/Binani Group.

Name of Employee	Age (Years)	Designation	Qualification	Date of Joining	Name of Previous Employer	Total Experience (in years).	Remuneration in fiscal 2006 (Rs. in million)
Mr. I.C. Ahuja	64	Executive Director – Projects (Non-Board)	B.E. (Mechanical) (Honours)	February 22, 2007	Iran India Cement Engineering Consulting Co., Iran	43	Joined in fiscal 2007.
Mr. T R C Nair *	54	Executive Vice President (Corporate and Legal)	M.A., LLB, FCS, PGD In IRPM	December 24, 1992	M/s. Auto Kast Ltd.	31	1.6
Mr. Krishan Goenka	47	Executive Vice President (Logistic)	B.Com	October 9, 2006	Self employed	27	Joined in fiscal 2007
Mr. M K Chattopadhyaya *	49	Senior Vice President (Corporate) and Chief Financial Officer	B.Com (Hons.), LLB, FCA, FCS	July 12, 1999	M/s. Triveni Glass Ltd.	25	1.1
Mr. R. S. Joshi	51	Executive Vice President	M.A. (Economics)	October 10, 2005	M/s. Grasim Industries Ltd.	28	1.0
Mr. Mahendra Mehta	52	Senior Vice President (MIS and Information Technology)	ACA, ICWA (Inter)	January 11, 2007	Shree Cement Limited	29	Joined in fiscal 2007
Mr. A K Jain*	50	Vice President – Finance and Banking	B.Com, ACA	May 20, 1997	M/s. CRB Global Bank Ltd.	27	1.1
Mr. M.A. Bohra	55	Vice President (Mechanical)	B.E. (Mechanical)	June 29, 1995	M/s. Hindustan Zinc Ltd.	31	1.1
Mr. Darshan Lal	47	Vice President (Operations)	B.E. (Chemical)	January 18, 1996	Birla Cement	24	0.8
Mr. S. L. Parakh	54	Vice President (Engineering)	B.E. (Mechanical)	January 22, 1996	Birla Cement	30	0.8
Mr.G.M.Nair	46	Vice President (HR & Admn)	B.A..,L.L.B.,PG Dip PM	June 5,2006	Ultratech Cement	23	N.A
Mr. K.G. Sharma	48	Vice President (Marketing)	B.Com, PGDBM, Executive MBA	December 9, 2006	Shree Cement	22	N.A
Mr. Digvijay Singh	47	Vice President (Marketing)	Diploma in Technology, MBA	August 30, 1997	Shree Digvijay Cement	22	0.7
Mr. Bhadresh M. Khara	42	Vice President (Marketing)	B.E. (Civil)	January 15, 1997	Gujarat Ambuja Cement Ltd.	18	0.7
Mr. K. Sasikumar*	47	Vice President (Taxation)	B.Sc., LLB, A.C.A	November 21, 1989	Warriar and Warriar	27	1.4
Mr. Atul Falgunia	43	Vice President (Secretarial) & Company Secretary	B,Com, FCS, Grad. ICWA	April 18, 2001	Atcom Technologies Ltd.	19	1.0
Mr. S. S. Kothari	57	Asst. Vice President (Materials)	B.Sc. Dip. In Material Management	October 3, 1998	Birla Cement	36	0.8
Mr. Hemant	44	Asst. Vice	B.Com, ACA	December	Ispat Group	21	0.8

Name of Employee	Age (Years)	Designation	Qualification	Date of Joining	Name of Previous Employer	Total Experience (in years).	Remuneration in fiscal 2006 (Rs. in million)
Mogra		President (F and A)		27, 2001			
Mrs. Visalakshi Sridhar *	40	Asst. Vice President (Finance)	B.Com, AICWA, ACS	April 29, 1998	M/s. Essar Steel Ltd.	18	1.2

*Note: * Binani group resources*

Except as indicated above, all the Key Managerial Personnel are permanent employees of the Company.

Shareholding of Key Managerial Personnel:

None of the Key Managerial Personnel hold any shares in the Company (except as nominees of BIL).

Changes in Key Managerial Personnel

The changes in the key managerial personnel of the Company during the last three years is as follows

Name	Designation	Date of Change	Reason
Mr. Mahendra Mehta	Senior Vice President (Commercial)	April 10, 2004	Resignation
Mr. R K Vaishnavi	Senior Vice President (Operations)	August 26, 2004	Resignation
Mr. N G Rao	A V P (P & A)	January 1, 2005	Resignation
Mr. R S Joshi	Executive Vice President	October 10, 2005	Joined
Mr. D S Musale	A V P (Instrumentation)	April 9, 2006	Resignation
Mr. S N Prasad	Senior Vice President cum Advisor (P and A)	April 21,2006	Retired
Mr. G M Nair	Vice President (HR and Admn.)	June 5, 2006	Joined
Mr. Sanjay Lotlikar	Company Secretary	June 28, 2006	Resignation
Mr. V K Sharma	Asst. Vice President (Civil)	August 14, 2006	Resignation
Mr. Krishan Goenka	Executive Vice President	October 9, 2006	Joined
Mr. Vinay Wadhwa	Executive Vice President (Marketing)	November 30, 2006	Resignation
Mr. K. G. Sharma	Vice President (Marketing)	December 9, 2006	Joined
Mr. Mahendra Mehta	Senior Vice President (MIS and Information Technology)	January 11, 2007	Joined

Bonus or Profit Sharing Plan for the Key Managerial Personnel

Currently, the Company does not have a performance linked bonus or a profit sharing scheme for the employees. The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled as per the terms of their appointment and reimbursement of expenses incurred by them during the ordinary course of business.

THE PROMOTER

The promoters of the Company is Binani Industries Limited ("BIL")

BIL

BIL was incorporated on August 2, 1962 as Cominco Binani Zinc Limited. It was formed with technical and financial cooperation from M/s. Cominco, Canada. It commenced commercial production of zinc in 1967. The company was renamed as Binani Zinc Limited on May 3, 1991 when Cominco divested its holdings in the Company. Binani Zinc was renamed as BIL on August 5, 1996, when the group decided to enter into cement and glass fibre in addition to zinc. The cement and glass fibre divisions were hived-off into separate subsidiaries in 1997 and 1998 respectively as BCL and Goa Glass Fibre Ltd. The zinc operation of BIL was hived-off into Binani Zinc Limited (BZL) with effect from April 1, 2002. BIL is presently the holding company of the group with no significant manufacturing facility

Promoter

The promoter of BIL is Mr. Braj Binani. The details of Mr. Braj Binani, the Promoter of BIL are given below:

Passport No.	E8360267 dt. February 26,2004,Mumbai
Driving License No.	84/36308 dt September 13,1984 RTO-Mumbai (Central)
Permanent Account No.	AABPB0708M
Bank Account No,	HDFC Bank-0011060017337-NRE

Registered Office

The registered office of BIL is at:

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

Financial Performance

(Rs. In million)

Particulars	Six months ended September 30,2006	Fiscal 2006	Fiscal 2005	Fiscal 2004
	(Unaudited)	(Audited)	(Audited)	(Audited)
Equity capital	296.15	296.15	296.15	296.15
Reserves	1965.97	1965.97	2053.47	2053.47
Sales	1.7	4.19	124.82	228.98
PAT	418.80*	148.47*	(448.76)	(410.56)
EPS (Rs.)	14.15	5.02	(15.16)	(13.87)
NAV (Rs.)	63.08	49.98	46.68	61.79

*includes profit arising out of capital gains on sale of shares of the Company.

Stock Market Data

The shares of BIL are listed on the BSE, NSE and CSE.

The highest and lowest price of the shares of BIL on BSE in the last six months is as follows:

Month	High (Rs.)	Low (Rs.)	Volumes (No of Shares traded)	Volumes (Rs. in million)
October 2006	332.00	273.05	3,007,415	915.90
November 2006	403.00	295.00	5,789,106	1,953.46

December 2006	398.00	325.00	1,158,755	416.11
January 2007	408.00	343.95	895,896	343.01
February 2007	368.00	268.00	586,511	187.29
March 2007	280.00	199.55	656,313	150.18

Source: BSE Website

Closing share price on BSE as on April 11, 2007 was Rs. 222.40
Market Capitalisation as on April 11, 2007was Rs. 6,582.24 million.

BIL had incurred losses in the years 2004 and 2005 but it is not a sick company within the meaning of SICA.

The highest and lowest price of the shares of BIL on NSE in the last six months is as follows

Month	High (Rs.)	Low (Rs.)	Volume (No. of Shares traded)	Volumes (Rs. In million)
September 2006	276.90	223	353,025	92.3
October 2006	332.45	272.00	1,180,538	360
November 2006	403.80	294.10	3,021,833	1,026.21
December 2006	397.00	321.00	856,047	307.60
January 2007	406.90	341.20	646,940	247.39
February 2007	369.00	251.30	355,584	115.0
March 2007	282.00	200.10	515,813	117.42

Source: NSE Website

Closing share price on NSE as on April 11, 2007 was Rs. 222.25

Market Capitalisation as on February 20, 2007 was Rs. 6,577.81 million

Board of Directors

The details of Board of Directors of BIL as of March 31, 2007 are given below:

Name of Director	Designation
Mr. Braj Binani	Chairman
Mr. S. Padmakumar	Director
Dr. V C Shah	Director
Mr. A C Chakrabortti	Director
Mr Sushil Bhatter	Wholetime Director

Shareholding Pattern as on March 31, 2007

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)[1]	As a percentage of (A+B+C)
(A)	**Shareholding of Promoter and Promoter Group[2]**					
(1)	**Indian**					
(a)	Individuals/ Hindu Undivided Family	3	1185865	2875	4.01	4.01
(b)	Central Government/ State Government(s)	0	0	0	0	0
(c)	Bodies Corporate	9	11075600	5432016	37.42	37.42
(d)	Financial Institutions/ Banks	0	0	0	0	0
(e)	Any Other (specify)	0	0	0	0	0
	Sub-Total (A)(1)	**12**	**12261465**	**5434891**	**41.43**	**41.43**
(2)	**Foreign**					
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	2	59375	59375	0.20	0.20
(b)	Bodies Corporate	0	0	0	0	0
(c)	Institutions	0	0	0	0	0
(d)	Any Other (specify)	0	0	0	0	0
	Sub-Total (A)(2)	**2**	**59375**	**59375**	**0.20**	**0.20**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**14**	**12320840**	**5494266**	**41.63**	**41.63**

[1] For determining public shareholding for the purpose of Clause 40A.
[2] For definitions of “Promoter” and “Promoter Group", refer to Clause 40A.

Cate-gory code	Category of shareholder	Number of share-holders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)[1]	As a percentage of (A+B+C)
(B)	**Public shareholding[3]**					
(1)	**Institutions**					
(a)	Mutual Funds/ UTI	5	1313434	1313434	4.44	4.44
(b)	Financial Institutions/ Banks	13	1751716	1750831	5.92	5.92
(c)	Central Government/ State Government(s)	1	90	0	0.0003	0.0003
(d)	Venture Capital Funds	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0
(f)	Foreign Institutional Investors	14	2231768	2228243	7.54	7.54
(g)	Foreign Venture Capital Investors	0	0	0	0	0
(h)	Any Other (specify)	0	0	0	0	0
	Sub-Total (B)(1)	**33**	**5297008**	**5292508**	**17.90**	**17.90**
(2)	**Non-institutions**					
(a)	Bodies Corporate	567	3736905	1102172	12.62	12,62
(b)	Individuals -					
	1. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	46382	5725934	3171764	19.35	19.35
	2. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	38	1324325	1288900	4.47	4.47
(c)	Any Other (specify)					
	1. Clearing Member	32	7975	7975	0.03	0.03
	2. Foreign Nationals	3	5050	0	0.017	0.017
	3. NRIs	2465	1178288	329073	3.98	3.98
	4. Overseas Corporate Bodies	1	100		0.0003	0.0003
	Sub-Total (B)(2)	**49488**	**11978577**	**5899884**	**40.47**	**40.47**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**49521**	**17275585**	**11192392**	**58.37**	**58.37**
	TOTAL (A)+(B)	**49535**	**29596425**	**16686658**	**100.00**	**100.00**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**0**	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	**49535**	**29596425**	**16686658**	**100.00**	**100.00**

[3] For definitions of "Public Shareholding", refer to Clause 40A of the Listing Agreement.

Shareholding of persons belonging to the category "Promoter and Promoter Group" as on March 31, 2007

Sr. No.	Name of the Shareholder	Number of Shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	BINANI METALS LIMITED	4758750	16.0788
2.	K.B.VYAPAR PVT. LTD.	1242966	4.1997
3.	VIJAYSHREE HOLDINGS PVT. LTD	1195000	4.0376
4.	MANJUSHREE HOLDINGS PVT. LTD.	1167000	3.94
5.	LEXUS HOLDINGS & FINANCE PVT. LTD.	975000	3.29
6.	ACE PORTFOLIO & FINANCE P. LTD.	815000	2.754
7.	MIRACLE COMPOSITES PVT. LTD.	444834	1.5029
8.	MIRACLE SECURITIES PVT .LTD.	440000	1.4866
9.	TRITON TRADING CO. PVT. LTD.	37050	0.1252
10.	KALPANA BINANI	1091290	3.6872
11.	KALPANA BINANI	2875	0.0097
12.	BRAJ BINANI	53125	0.1794
13.	NIDHI BINANI	6250	0.0211
14.	KALPANA BINANI	91700	0.3131
	TOTAL	**12320840**	**41.6323**

Details of previous public/rights issue made by BIL

Type/Details of Issue	Public issue of 10 million equity shares of Rs.10 each aggregating to 34.5% of the post issue share capital of the Company
Date of Closure of the Issue	February 24, 1995
Date of delivery of share certificate	May 1, 1995 to May 5, 1995
Issue price of shares	The shares were issued at a premium of Rs.220 each aggregating to Rs.2.3 billion.
Promise v. Performance	The objects of the issue of these shares after deduction of underwriting fees, commissions and deduction of other expenses relating to this offering, was intended to be used for implementation of glass fibre and cement plant projects. The net proceeds were used for the stated objects. For futher details, pleas see table titled "Promise v. Performance" below

Promise vis-à-vis performance

Financial Projections as appraised by ICICI in November, 1994 for IPO in 1995 V/s Actuals

(Rs. in million)

Year ending 31st March,	1995		1996		1997		1998		1998
	Projections	Actual	Projections	Actual	Projections	Actual	Projections	Actual	Binani Cement Actual
Total Income	1344.0	1725.4	1476.6	1650.4	2066.1	1968.3	3347.2	2258.0	
- Existing Operations	1344.0	1725.4	1451.8	1648.7	1451.8	1902.8	1451.8	2157.8	
- Glass Fibre	-	-	24.8	1.6	345.6	65.5	396.0	100.2	
- Cement	-	-	-		267.8	-	1499.4	*	838.4

Year ending 31st March,	1995		1996		1997		1998		1998
Profit before Interest and Depreciation	279.6	311.6	326.4	213.9	555.1	280.3	1025.4	293.2	408.5
Other Income	89.6	116.5	206.6	350.5	120.5	221.6	32.6	225.9	1.6
Interest	29.0	20.5	24.5	28.2	55.1	82.3	161.5	146.4	134.6
Depreciation	102.9	127.0	82.8	141.1	144.6	207.4	255.9	237.1	103.7
Tax	-		-	-	-	27.4	-	14.3	-
Profit after Tax	237.3	280.6	425.7	395.1	475.9	184.8	640.6	121.3	171.8
Dividend	23.0	57.2	87.6	85.0	87.6	83.4	102.2	41.7	-
- Rate (%)	30	30	30	30	30	30	35	15	-
Tax on Dividend	-	-	-	-	-	8.4	-	4.2	-
Net Cash Accrual	317.2	350.4	420.9	451.2	532.9	300.4	794.3	312.5	275.5
Share Capital	76.8	237.1	292.0	283.2	292.0	282.6	292.0	282.6	
Reserve and Surplus	610.9	1611.1	3033.7	2803.4	3422.3	2902.3	3960.8	2977.9	
Debt Equity Ratio	0.11	0.05	0.01	0.14	0.45	0.84	0.39	0.45	
Current Ratio	1.16	1.95	3.85	1.42	2.19	1.22	3.09	5.07	
E P S (Rs)	30.90	12.92	15.53	13.32	16.30	6.65	21.94	4.36	

Note:
** Cement Division of the company was hived off as a subsidiary of the company with effective from November 1, 1997.*
*** Name was changed to Binani Industries Ltd from the year 1996.*

The Permanent Account Number, Bank Account Numbers, the Company Registration Number and the address of the Registrar of Companies where the Promoter is registered have been submitted to the Stock Exchanges at the time of filing the Prospectus. Further, the Promoter has not been declared as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoter in the past or are pending against the Promoter.

Interests of Promoter and Common Pursuits

The Promoter of the Company, i.e. BIL is interested to the extent of its shareholding in the Company.

Except as stated otherwise in this Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the Promoter is directly or indirectly interested and no payments have been made to it in respect of the contracts, agreements or arrangements which are proposed to be made with it including the properties purchased by the Company other than in the normal course of business.

Further, except as disclosed in the sections titled “Promoter” and “Promoter Group” on page 81 of this Prospectus, the Promoter does not have any interest in any venture that is involved in any activities similar to those conducted by the Company.

Confirmations

Further, the Promoter has not been declared as a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoter in the past or are pending against it.

Payment of benefits to Promoter

Except as stated in the chapter “Related Party Transactions” on page 133 of this Prospectus, there has been no payment of benefits to the Promoter during the two years prior to the filing of this Prospectus.

PROMOTER GROUP

1. Binani Zinc Limited ("BZL")

BZL was incorporated on February 2, 2000. Effective April 1, 2002 BIL hived off its zinc division to BZL through a Scheme of Arrangement u/s 391 of the Companies Act, 1956. The scheme was approved vide Court orders dated May 2, 2001 read with order dated March 16, 2004. The consideration for the hive-off was allotment of shares of value Rs.675.680 million (60,738,068 shares of face value Rs.10/- each to BIL and 6,829,944 shares of face value of Rs. 10 each to all the shareholders of BIL).

BZL is in the business of manufacture and sale of Zinc and its byproducts Sulphuric Acid and Cadmium. The 38,000 tpa zinc manufacturing facility is situated at Binanipuram, Cochin, Kerala.

The registered office of BZL is at:

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

Financial Performance:

(Rs. In million)

Particulars	Six months ended September 30,2006	Fiscal 2006	Fiscal 2005	Fiscal 2004
	(unaudited)	(Audited)	(Audited)	(Audited)
Equity capital **	676.18	676.18	676.18	676.18
Reserves*		32.26	26.39	21.09
Sales (net of excise duty)	2746.08	1756.46	1782.60	1709.77
PAT	152.95	5.87	5.30	13.11
EPS (Rs.)	2.26	0.09	0.08	0.19
NAV (Rs.)	12.73	10.48	10.39	10.31

** - Excluding Revaluation Reserve*
** - Including share capital suspense

BZL has not made any losses in the immediately preceding year, and it is not a sick company within the meaning of the SICA.

BZL has not made any public or rights issue of equity or preference shares or debentures in the past three years. The shares of BZL are not listed on any stock exchange in India or outside India.

Board of Directors

The details of the board of directors of BZL as of March 31, 2007 are given below:

Name of Director	Designation
Mr. Braj Binani	Chairman
Mr. Sushil Bhatter	Director
Mr. V Subramaniam	Director
Mr. Ibrahim Ali	Director
Mr. D Sundararajan	Director
Mr. S. Padmakumar	Director
Mr. Roy Kurian K.K.	Wholetime Director

Shareholding Pattern

The shareholding pattern of BZL as of March 31, 2007 is as follows:

Category	No. of Shares Held	Percentage of Shareholding
Promoter' Holding	**63,522,679**	**93.94**
Promoters Indian Promoters (BIL)	60,788,078	89.90
Promoters of BIL	2,734,601	4.04
Non-Promoters' Holding		

Category	No. of Shares Held	Percentage of Shareholding
Institutional Investors	**657,579**	**0.97**
Mutual Funds and UTI	333	0.00
Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-Government Institutions)	654,411	0.96
FIIs	2,835	0.01
OTHERS	**3,437,824**	**5.09**
Private Corporate bodies	753,354	1.11
Indian Public	2,368,885	3.51
NRIs / OCBs	314,422	0.46
Foreign Nationals	1,163	0.01
GRAND TOTAL	**67,618,082**	**100.00**

2. Ess Vee Alloys Private Limited

Ess Vee Alloys Private Limited was incorporated on October 24, 1997. It is engaged in the business of manufacturing of zinc alloy and alluminium alloy. Its manufacturing facility is situated at Silvassa.

On March 27, 2004, BZL purchased the shares of Ess Vee Alloys Private Limited and made it into a wholly owned subsidiary.

The registered office of Ess Vee Alloys Private Limited is at:

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

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006	Fiscal 2005	Fiscal 2004
Equity Share Capital	1.0	1.0	1.0
Reserves and Surplus	-	(0.3)	0.5
Sales (net of excise duty)	21.5	5.3	10.6
Profit/(Loss) After Tax	0.3	(0.8)	(0.3)
Earning Per Share (EPS) (Rs.)	3.0	(7.7)	(3.2)
NAV (Face value Rs.10/- per share) (Rs.)	10.0	7.0	14.8

Ess Vee Alloys Private Limited has not made any losses in the immediately preceding year, and it is not a sick company within the meaning of the SICA.

Ess Vee Alloys Private Limited has not made any public or rights issue of equity or preference shares or debentures in the past three years.

Board of Directors

The details of the board of directors of Ess Vee Alloys Private Limited as of March 31, 2007 are given below:

Name of Director	Designation
Mr. Sushil Bhatter	Director
Mr. TRC Nair	Director
Mr. Roshan K	Director

Shareholding Pattern
Ess Vee Alloys Private Limited is a wholly owned subsidiary of BZL.

3. R.B.G. Minerals Industries Limited ("RBG")

RBG was incorporated on July 16, 1997. The company was jointly promoted by Gujarat Mineral Development Corporation (GMDC) and Rajasthan State Mines and Minerals Limited (RSMML) for the purpose of setting up a mining cum benefication project to mine zinc, and other metals. It was acquired by BZL in March 31, 2005. Presently the company is a wholly owned subsidiary of BZL.

The registered office of RBG is at:

17 A Old Fatehpura, near Seva Mandir,
Udaipur 313004
Rajasthan

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Equity Share Capital	5.4	5.4	5.4
Share Application money	9.2	6.1	3.6
Reserves and Surplus	-	-	-
Income	-	-	-
Profit/(Loss) After Tax	-	-	-
Earning Per Share (EPS) (Rs.)	-	-	-
NAV (Face value of Rs.10/- per share) (Rs.)	9.8	9.8	9.8

RBG has not made any losses in the immediately preceding year, and it is not a sick company within the meaning of the SICA.

RBG has not made any public or rights issue of equity or preference shares or debentures in the past three years. The shares of RBG are not listed on any Stock Exchange in India or outside India.

Board of Directors

The details of the board of directors of RBG as of March 31, 2007 are given below:

Name of Director	Designation
Mr. Sushil Bhatter	Director
Mr. Ibrahim Ali	Managing Director
Mr. Ram Mohan	Director
Mr. P. K. Soni	Director
Mr. R. C. Sharma	Director
Mr. Makhanlal Majumdar	Director

Shareholding Pattern

RBG is a wholly owned subsidiary of BZL.

4. Binani Mazak Private Limited

Binani Mazak Private Limited was incorporated as Opticon Consultants Private Limited on June 17, 1996. Its name was changed to Binani Mazak Private Limited on October 10, 2006. The company was taken over by BZL in fiscal 2006 by purchase of shares for setting up a captive thermal power plant for BZL's operations. However the said project has been deferred and now the Company intends to carry on business of refining, smelting and alloying of all kinds of ferrous and non ferrous metals from ores, virgin metals, metal scraps and residues.

The registered office of Binani Mazak Private Limited is at:

Mercantile Chambers,
12 J.N. Heredia Marg, Ballard Estate,
Mumbai 4000 01

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)
Equity Share Capital	0.1	0.1
Reserves and Surplus	-	0.02
Profit and Loss Account (debit balance)	(0.02)	-
Income	0.01	0.09

Particulars	Fiscal 2006	Fiscal 2005
	(Audited)	(Audited)
Profit/(Loss) After Tax (PAT)	(0.04)	0.01
Earning Per Share (EPS) (Rs.)	(4.10)	0.71
Book Value (Face value of Rs.10/- per share) (Rs.)	8.0	12.1

Binani Mazak Private Limited has not made any losses in the immediately preceding year, and it is not a sick company within the meaning of the SICA.

Binani Mazak Private Limited has not made any public or rights issue of equity or preference shares or debentures in the past three years.

Board of Directors

The details of the board of directors of Binani Mazak Private Limited as of March 31, 2007 are given below:

Name of Director	Designation
Mr. Sushil Bhatter	Director
Mr. D. Sundararajan	Director
Mr. Roshan K	Director

Shareholding Pattern

Binani Mazak Private Limited is a wholly owned subsidiary of BZL.

5. Goa Glass Fibre Limited – (GGFL)

GGFL was incorporated on June 19, 1996 as Vishakha Enterprises (India) Private Limited and its name was changed to GGFL with effect from October 7, 1999With effect from October 1, 1998, BIL hived off its glass fibre division to GGFL through a Scheme of Arrangement under section 391 of the Companies Act. The Scheme was approved vide Kolkata High Court Order dated August 3, 1999. The consideration for the hive-off was allotment of shares of value Rs. 436.2 million (4,36,20,000 shares of face value Rs.10/- each) to BIL. BIL was allotted preference shares of Rs. 420 million in 2003-04 and the equity share capital of GGFL was reduced to Rs.322 million vide a Scheme of Arrangement under section 391 of the Companies Act with effect from April 1, 2002.

GGFL is engaged in the manufacture of glass fibre and articles thereof.

The registered office of GGFL is at:

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

Financial Performance

(Rs. In million)

Particulars	Six months ended September 30,2006	Fiscal 2006	Fiscal 2005	Fiscal 2004
	(unaudited)	(Audited)	(Audited)	(Audited)
Equity capital	321.77	321.77	321.77	321.77
Preference capital	420.00	420.00	420.00	420.00
Reserves	2.50	2.50	2.50	2.50
Debit balance of P and L Account	(7.4)	(16.68)	(21.31)	(33.98)
Sales (net of excise duty)	386.8	646.97	553.81	444.92
PAT	9.23	4.63	12.67	(56.13)
EPS (Rs.)	0.29	0.18	0.39	(1.74)
NAV (Rs.)		9.56	9.42	9.02

** - Excluding Revaluation Reserve*

GGFL has incurred loss of Rs.56.133 million in 2003-04 on account of closure of its plant to rebuild furnace. The Company is not a sick company within the meaning of SICA.

GGFL has not made any public or rights issue of equity or preference shares or debentures in the past three years. The shares of GGFL are not listed on any Stock Exchange in India or outside India.

Board of Directors

The details of the board of directors of GGFL as of March 31, 2007 are given below:

Name of Director	Designation
Mr. Braj Binani	Chairman
Mr. Sushil Bhatter	Director
Mr. S. Padmakumar	Director
Mr. K. Sangameshwaran	Director
Mr. R. Kannan	Whole Time Director

Shareholding Pattern:

GGFL is a wholly owned subsidiary of BIL.

6. **BT Composites Limited – (BTCL)**

BTCL was incorporated on November 20, 1996. The company is in the business of manufacture of glass fibre reinforced moulded products.

The registered office of BTCL is at:

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

Financial Performance

(Rs. in Million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Equity capital	90.0	90.0	90.0
Preference Capital	5.0	5.0	5.0
Debit Balance of Profit and Loss Account	(232.2)	(153.3)	(132.8)
Sales (net of excise duty)	8.4	8.8	25.6
PAT	(78.8)	(20.5)	(33.4)
EPS (Rs.)	(8.8)	(2.3)	(3.7)
NAV (Rs.)	(15.8)	(7.1)	(4.9)

BTCL has been incurring losses for the last three years The Company is a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 and has been registered with BIFR. BTCL has requested BIFR for an exit from the BIFR mechanism.

BTCL has not made any public or rights issue of equity or preference shares or debentures in the past three years. The shares of BTCL are not listed on any Stock Exchange in India or outside India.

Board of Directors

The details of the board of directors of BTCL as of March 31, 2007 are given below:

Name of Director	Designation
Mr. V. Subramanian	Director
Mr. T.R.C. Nair	Director
Mr. Murali Subramanian	Director

Shareholding Pattern

BTCL is a wholly owned subsidiary of BIL.

7. **Wada Industrial Estate Limited (WIEL)**

WIEL was incorporated on February 21, 1995 for the purpose of setting up a lead manfuacturing facility. However, the project has been shelved. It was formerly known as Binani Lead Limited. Presently, its object as mentioned in the memorandum of association is to establish industrial estates.

The registered office of WIEL is at:

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

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Equity Share Capital	59.0	59.0	59.0
Reserves and Surplus	-	-	-
Profit and Loss account (debit balance)	(33.8)	(6.3)	(4.6)
Income	0.5	0.04	0.5
Profit/(Loss) After Tax	(27.4)	(1.7)	(3.4)
Earning Per Share (EPS) (Rs.)	(46.5)	(2.9)	(5.7)
Book Value (Face value of Rs.100/- per share)(Rs.)	42.8	89.3	92.2

WIEL has been incurring losses for the last three years, however the company is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.

WIEL has not made any public or rights issue of equity or preference shares or debentures in the past three years. The shares of WIEL are not listed on any Stock Exchange in India or outside India

Board of Directors

The details of the board of directors of Wada Industrial Estate Limited as of March 31, 2007 are given below:

Name of Director	Designation
Mr. Braj Binani	Director
Mr. S. Padmakumar	Director
Mr. Sushil Bhatter	Director
Mr. V. Subramanian	Director

Shareholding Pattern

WIEL is a wholly owned subsidiary of BIL.

8. **Binani Metals Limited (BML)**

BML was incorporated on February 25, 1941. The company is engaged in the business of investments in stocks and securities and trading in securities. The Company intends to diversify its activities to include the development of real estate.

The registered office of BML is at:
Mercantile Chambers,
12 J.N. Heredia Marg, Ballard Estate,
Mumbai 4000 01

Financial Performance -

Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Income	14.2	59.8	467.5
Profit After Tax (PAT)	4.5	3.2	0.8
Equity Share Capital	9.5	9.5	9.5

Particulars	Fiscal 2006	Fiscal 2005	Fiscal 2004
	(Audited)	(Audited)	(Audited)
Share Application Money	1.1	-	-
Reserves and Surplus	89.4	86.5	84.4
Earning Per Share (EPS) (Rs.)	47.6	34.2	8.2
Book Value (Face value of Rs.100/- per share) (Rs.)	1036.8	1002.5	975.9

BML has not made any losses in the immediately preceding year, and it is not a sick company within the meaning of the SICA.

Details of previous public/rights issue made by BML

Type/Details of Issue	Rights issue of 0.28 million equity shares of Rs.10 each aggregating to 75% of the post issue share capital of the Company
Date of Closure of the Issue	April 7, 2006
Date of delivery of share certificate	May 6, 2006
Issue price of shares	The shares were issued at par aggregating to Rs.28 million.
Promise v. Performance	The objects of the issue of these shares after deduction of underwriting fees, commissions and other expenses relating to this offering, was intended to be used for development of land leased to the Company The net proceeds have not yet been used for the stated objects.

The shares of BML are listed on the Calcutta Stock Exchange; however there has been no trading of the shares.

Board of Directors

The details of the board of directors of Binani Metals Ltd. as of March 31, 2007are given below:

Name of Director	Designation
Mr. Braj Binani	Chairman
Mr. F. A. A. Jasdanwalla	Director
Mr. P. R. Damani	Director
Miss Nidhi Binani	Director
Mr.J. D. Mehta	Executive Director

Shareholding Pattern as on March 31, 2007

	No of Shares	%
Promoter	265,587	70.29
Non – Promoter Holdings		
- Institutional Investors	1,047	0.28
- Others (incl. public)	111,188	29.43
Total	377,822	100.00

9. **Sambhaw Holdings Limited ("SHL")**

SHL was incorporated on March 24, 1983. It is engaged in the business of investments

The registered office of SHL is at:
Mercantile Chambers,
12 J.N. Heredia Marg, Ballard Estate,
Mumbai 4000 01

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006	Fiscal 2005	Fiscal 2004
Share Capital	0.5	0.5	0.5
Reserves and Surplus	-	-	-
Income	3.9	4.2	3.9

Particulars	Fiscal 2006	Fiscal 2005	Fiscal 2004
Profit/(Loss) After Tax (PAT)	(1.3)	(1.4)	(1.4)
Earning Per Share (EPS) (Rs.)	(25.7)	(27.3)	(39.7)
Book Value (Face value of Rs.10/- per share) (Rs.)	-ve	-ve	-ve

SHL has been incurring losses for the last three years The company is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.

SHL has not made any public or rights issue of equity or preference shares or debentures in the past three years. The shares of SHL are not listed on any Stock Exchange in India or outside India

Board of Directors

The details of the board of directors of Sambhaw Holdings Ltd. as of March 31, 2007 are given below:

Name of Director	Designation
Mr. I. K. Pugalia	Director
Mr. J D Mehta	Director
Mr. V Subramanian	Director

Shareholding Pattern

Sambhaw Holdings Limited is a wholly owned subsidiary of Binani Metals Limited

10. K.B. Vyapar Pvt. Ltd.

K.B. Vyapar Pvt. Ltd. was incorporated on May 23, 2003. It is engaged in the business of trading in shares and securities.

The registered office of K B Vyapar Pvt. Ltd. is at:
706 Om Tower, 32, Chowringhee Road,
Kolkata 700 071

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Equity Share Capital	2.7	2.7	2.7
Reserves and Surplus	217	216	216
Income	0.3	0.2	0.5
Profit/ After Tax (PAT)	0.05	0.04	0.08
Earning Per Share (EPS) (Rs.)	0.20	0.14	0.28
Book Value (Face value of Rs.10/- per share) (Rs.)	812	812	811

K B Vyapar Pvt. Ltd. has not made any losses in the immediately preceding year, and it is not a sick company within the meaning of the SICA.

K B Vyapar Pvt. Ltd. has not made any public or rights issue of equity or preference shares or debentures in the past three years.

Board of Directors

The details of the board of directors of K.B. Vyapar Pvt. Ltd. as of March 31, 2007 are given below:

Name of Director	Designation
Mr. V. Subramanian	Director
Mr. I K Pugalia	Director

Shareholding Pattern as on March 31, 2007

	No of shares	%
Promoter	0	0

	No of shares	%
Kalpana Binani	67500	25.00%
Promoter Group companies	202500	75.00%
Total Capital (Face Value of Shares 10)	270000	100.00%

11. Triton Trading Company Pvt. Ltd.

Triton Trading Co. Pvt. Ltd was incorporated on May 05, 1926. It is engaged in the business of providing consultancy services and deals in shares and securities. Effective April 01, 2002, pursuant to the scheme of amalgamation approved by Mumbai High Court vide order dated March 20, 2004, Triton Trading Co. Pvt. Ltd. got amalgamated with Chavannes and Co. Pvt. Ltd and the amalgamated company was named M/s Triton Trading Company Pvt. Ltd.

The registered office of Triton Trading Company Pvt. Ltd is at:

Temple Terrace, 55, Forjett Street,
Mumbai 400 036

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006	Fiscal 2005	Fiscal 2004
Share Capital	1.0	1.0	0.5
12% Redeemable Preference Shares	7.5	7.5	7.5
Share Capital suspense / Share Application money	13.4	13.4	13.6
Reserves and Surplus	-	-	-
Profit and Loss Account (debit balance)	(9.3)	(7.8)	(7.6)
Income	255	131	89
Profit/(Loss) After Tax	(1.5)	(0.3)	(0.8)
Earning Per Share (EPS) (Rs.)	(728)	(141)	(848)
Book Value (Face value of Rs.500/- per share)	Negative	Negative	Negative

Triton Trading Company Pvt. Ltd has been incurring losses for the last three years. However, the company is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.

Triton Trading Company Pvt. Ltd has not made any public or rights issue of equity or preference shares or debentures in the past three years.

Board of Directors

The details of the board of directors of Triton Trading Company Pvt. Limited as of March 31, 2007 are given below:

Name of Director	Designation
Smt. Padma Binani	Director
Smt. Kalpana Binani	Director
Mr. V. Subramanian	Director
Ms. Nidhi Binani	Director
Ms. Shraddha Binani	Director
Mr. I K Pugalia	Wholetime Director

Shareholding Pattern as on March 31, 2007

	No of Shares	%
Promoter	0	0
Kalpana Binani	800	40.00%
Promoter Group companies	1200	60.00%
Total Capital (Face Value of Shares 500)	2000	100.00%

12. Lexus Holdings and Finance Pvt. Ltd.

Lexus Holdings and Finance Pvt. Ltd. was incorporated on April 26, 1994. It is engaged in the business of consultancy services, and dealing in shares and securities.

The registered office of Lexus Holdings and Finance Ltd is at:

Temple Terrace, 55, Forjett Street,
Mumbai 400 036

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Share Capital	4.9	4.9	4.8
- Equity	0.4	0.4	0.3
- Preference	4.5	4.5	4.5
Reserves and Surplus	56	49	46
Profit and Loss Account	20	20	21
Income	0.3	1	2
Profit/(Loss) After Tax	0.2	0.8	(21)
Earning Per Share (EPS) (Rs.)	4	35	(593)
Book Value (Face value of Rs.10/- per share) (Rs.)	1016	1338	718

Lexus Holdings and Finance Pvt. Ltd has not made any losses in the immediately preceding year, and it is not a sick company within the meaning of the SICA.

Lexus Holdings and Finance Pvt. Ltd has not made any public or rights issue of equity or preference shares or debentures in the past three years.

Board of Directors

The details of the board of directors of Lexus Holding and Finance Pvt. Ltd. as of March 31, 2007 are given below:

Name of Director	Designation
Mr. I. K. Pugalia	Director
Mr. K. Gangadharan	Director

Shareholding Pattern as on March 31, 2007

	No of shares*	%
Promoter	0	0
Kalpana Binani	9000	76.00%
Promoter Group companies	2900	24.00%
Total Capital (Face Value of Shares 10)	11900	100.00%

*Fully paid shares

13. Suryamukhi Vintrade Pvt. Ltd.

Suryamukhi Vintrade Pvt. Ltd.was incorporated on October 18, 1995. It is an investment company dealing in shares and securities and doing trading business.

The registered office of Suryamukhi Vintrade Pvt. Ltd is at:

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

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Equity Share Capital	3.5	3.5	3.5
Share Application Money	2	-	-
Reserves and Surplus	33	33	41
Income	0.02	2	0.1
Profit/(Loss) After Tax	(4)	(8)	0.04
Earning Per Share (EPS) (Rs.)	(17)	(36)	0.2
Book Value (Face value of Rs.10/- per share) (Rs.)	149	166	132

Suryamukhi Vintrade Pvt. Ltd has been incurring losses for the last three years The company is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985

Suryamukhi Vintrade Pvt. Ltd has not made any public or rights issue of equity or preference shares or debentures in the past three years.

Board of Directors

The details of the board of directors of Suryamukhi Vintrade Pvt. Ltd. as of March 31, 2007 are given below:

Name of Director	Designation
Mr. I. K. Pugalia	Director
Mr. K. Gangadharan	Director
Mr. V. Subramanian	Director

Shareholding Pattern as on March 31, 2007

	No of shares*	Percentage
Promoter	0	0%
Promoter Group companies	10,000	100.00%
Total Capital (Face Value of Shares 10)	10,000	100.00%

*Fully paid shares

14. ACE Portfolio and Finance Pvt. Limited

ACE Portfolio and Finance Pvt. Limited was incorporated on March 10, 1994. It is engaged in the business of consultancy services and dealing in shares and securities.

The registered office of ACE Portfolio and Pvt. Ltd is at:

Temple Terrace, 55, Forjett Street,
Mumbai 400 036

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Share Capital			
- Equity	0.4	0.4	0.4
- 12% Redeemable Preference Shares	5.5	5.5	5.5
Reserves and Surplus	49	43	39
Income	0.5	1	4
Profit/(Loss) After Tax	0.3	1	(16)
Earning Per Share (EPS) (Rs.)	7	33	(465)
Book Value (Face value of Rs.10/- per share) (Rs.)	958	1157	642

Board of Directors

The details of the board of directors of ACE Portfolio and Finance Pvt. Limited as of March 31, 2007 are given below:

Name of Director	Designation
Mr. I. K. Pugalia	Director
Mr. K. Gangadharan	Director

Shareholding Pattern as on March 31, 2007

	No of Shares*	%
Promoter	0	0
Kalpana Binani	9000	75.00%
Promoter Group companies	3000	25.00%
Total Capital (Face Value of Shares 10)	12000	100.00%

*Fully paid shares

15. Asian Industry and Information Services Pvt. Ltd.

Asian Industry and Information Services Pvt. Ltd was incorporated on April 04, 1973. It is engaged in the business of publishing of magazines.

The registered office of Asian Industry and Information Services Pvt. Ltd is at:

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

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Share Capital			
- Equity	0.2	0.2	0.2
- 9% Non-Cumulative Preference Shares	1	1	2.5
Reserves and Surplus	0.7	0.6	0.5
Operating and other Income	10	9	7
Profit/(Loss) After Tax	1	2	1
Earning Per Share (EPS) (Rs.)	59	84	82
Book Value (Face value of Rs.10/- per share) (Rs.)	52	Negative	Negative

Board of Directors

The details of the board of directors of Asian Industry and Information Services Pvt. Ltd as of March 31, 2007 are given below:

Name of Director	Designation
Mr. B.C. Thadhani	Director
Mr. J.D. Mehta	Director
Mr. Shyam Binani	Director

Shareholding Pattern as on March 31, 2007

	No of shares	%
Promoters	13200	83
Binani Metals Ltd.	2800	17
Total Capital (Face Value of Shares 10)	16000	100.00%

16. **Manjushree Holdings Pvt. Ltd.**

Manjushree Holdings Pvt. Ltd. was incorporated on January 14, 1983. It is an investment company providing consultancy services and deals in shares and securities.

The registered office of Manjushree Holdings Pvt. Ltd. is at:

Temple Terrace, 55, Forjett Street,
Mumbai 400 036

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Share Capital	0.9	0.9	0.9
Share Application Money	0.5	-	-
Reserves and Surplus	56	50	43
Profit and Loss (debit balance)	(8)	(6)	(8)
Income	0.6	3	0.4
Profit/(Loss) After Tax (PAT)	(3)	2	(0.5)
Earning Per Share (EPS) (Rs.)	(33)	29	(5)
Book Value (Face value of Rs.10/- per share) (Rs.)	622	601	410

Board of Directors

The details of the board of directors of Manjushree Holdings Pvt. Ltd. as of March 31, 2007 are given below:

Name of Director	Designation
Mr. I. K. Pugalia	Director
Mr. K. Gangadharan	Director
Mr. V. Subramanian	Director

Shareholding Pattern as on March 31, 2007

	No of shares*	%
Promoter	0	0
Kalpana Binani	53475	76.00%
Promoter Group companies	17000	24.00%
Total Capital (Face Value of Shares 10)	70475	100.00%

*Fully paid shares

17. **Vijayshree Holdings Pvt. Ltd.**

Vijayshree Holdings Pvt. Ltd. was incorporated on March 24, 1983. It is engaged in the business of providing consultancy services investment and trading in shares and securities and consultancy services.

The registered office of Vijayshree Holdings Pvt. Ltd. is at

Temple Terrace, 55, Forjett Street,
Mumbai 400 036

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Share Capital	0.9	0.9	0.9
Reserves and Surplus	63	59	55
Profit and Loss Account	(10)	(11)	(12)
Operating and other Income	0.5	2	0.1

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Profit/(Loss) After Tax (PAT)	0.3	2	(12.6)
Earning Per Share (EPS) (Rs.)	4	26	(151)
Book Value (Face value of Rs.10/- per share) (Rs.)	713	669	515

Board of Directors

The details of the board of directors of Vijayshree Holdings Pvt. Ltd. as of March 31, 2007 are given below:

Name of Director	Designation
Mr. I. K. Pugalia	Director
Mr. K. Gangadharan	Director
Mr. V. Subramanian	Director

Shareholding Pattern as on March 31, 2007

	No of shares*	%
Promoter	0	0
Kalpana Binani	53475	76.00%
Promoter Group companies	17000	24.00%
Total Capital (Face Value of Shares 10)	70475	100.00%

*Fully paid shares

18. Miracle Securities Pvt. Ltd.

Miracle Securities Pvt. Ltd. was incorporated on April 11, 1996. It is engaged in the business of investments and trading in shares and securities.

The registered office of Miracle Securities Pvt. Ltd is at:

Temple Terrace, 55, Forjett Street,
Mumbai 400 036

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Share Capital	2	2	2
Reserves and Surplus	25	25	23
Profit and Loss Account	(9)	(9)	(9)
Income	0.04	0.1	0.02
Profit/(Loss) After Tax (PAT)	0.07	0	(0.06)
Earning Per Share (EPS) (Rs.)	(5)	1	(5)
Book Value (Face value of Rs.100/- per share) (Rs.)	1461	1466	786

Board of Directors

The details of the board of directors of Miracle Securities Pvt. Ltd. as of March 31, 2007 are given below:

Name of Director	Designation
Mr. I. K. Pugalia	Director
Mr. K. Gangadharan	Director
Mr. D N Shah	Director
Mr. Ram Mohan	Director

Shareholding Pattern as on March 31, 2007

	No of Shares*	%
Promoter	0	0
Kalpana Binani	1250	25
Promoter Group companies	3,750	75
Total Capital (Face Value of Shares 10)	5000	100.00%

*Fully paid shares

19. Miracle Composites Pvt. Ltd.

Miracle Composites Pvt. Ltd. was incorporated on April 30, 1997. It is engaged in the business of investments and trading in shares and securities.

The registered office of Miracle Composites Pvt. Ltd is at:

Temple Terrace, 55, Forjett Street,
Mumbai 400 036

Financial Performance

(Rs. in million)

Particulars	Fiscal 2006 (Audited)	Fiscal 2005 (Audited)	Fiscal 2004 (Audited)
Share Capital	7	7	7
Reserves and Surplus	14	14	14
Profit and Loss Account	(11)	(11)	(10)
Income	0.1	0.2	0.2
Profit/(Loss) After Tax (PAT)	(0.3)	(0.3)	(0.3)
Earning Per Share (EPS) (Rs.)	(5)	(4)	(4)
Book Value (Face value of Rs.100/- per share) (Rs.)	165	170	150

Board of Directors

The details of the board of directors of Miracle Composites Pvt. Ltd. as of March 31, 2007 are given below:

Name of Director	Designation
Mr. I. K. Pugalia	Director
Mr. K. Gangadharan	Director
Mr. D N Shah	Director

Shareholding Pattern as on March 31, 2007

	No of Shares*	%
Promoter /Directors	0	0.00%
Promoter Group companies	60002	100.00%
Total Capital (Face Value of Shares 10)	60002	100.00%

*Fully paid shares

Companies with which the Promoter has dissociated itself in the last three years:

The Promoters have not disassociated themselves with any companies in the last three years.

Behala Traders Private Limited, Savera Holdings Private Limited and Milan Finvest Private Limited were part of the promoters group but these companies were merged with K. B. Vyapar Private Limited vide order of the Bombay High Court dated February 23, 2004. Hence particulars of these companies have not been furnished.

DIVIDEND POLICY

The declaration and payment of dividends on the Company's Equity Shares will be recommended by the Board of Directors and approved by theshareholders of the Company, at their discretion, and will depend on a number of factors, including but not limited to the profits of the Company, capital requirements, funds required to enable the Company to operate in accordance with the Business Plan and overall financial condition.

The table below provides information of dividends declared by the Company during the last five fiscal years.

	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002
Face value of Equity Shares (Rs. per share)	10	10	10	10	10
Dividend (Rs. in million)	Nil	Nil	Nil	Nil	Nil
Dividend Tax (Rs. in million)	Nil	Nil	Nil	Nil	Nil
Dividend per Equity Share (in Rs.)	NIL	Nil	Nil	Nil	Nil
Dividend Rate (in %)	Nil	Nil	Nil	Nil	Nil

The Company has paid Rs.100.6 million towards payment of arrears of dividend on 12% cumulative redeemable preference shares on July 8, 2006 after approval of the shareholders at the annual general meeting held on July 5, 2006.

SECTION V: FINANCIAL STATEMENTS

AUDITORS' REPORT

To,
The Board of Directors,
Binani Cement Limited,
Mercantile Chambers,
12, J.N. Heredia Marg,
Ballard Estate,
Mumbai- 400001.

Dear Sirs,

Re: Offer document for Public Offer of 20,500,000 Equity Shares of Rs 10/- each of Binani Cement Limited (BCL) through an offer for sale by J P Morgan Special Situations (Mauritius) Limited.

We have reviewed and examined the financial information of Binani Cement Limited ('BCL' or 'the Company') annexed to this report and initialed by us for identification. The financial information has been prepared by the Company in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ("the Guidelines") and related clarifications thereto issued by the Securities and Exchange Board of India (SEBI) under section 11 of the Securities and Exchange Board of India Act, 1992.

Financial Information

1. The financial information referred to above, relating to profits and losses and assets and liabilities of BCL is contained in Annexures I(a), I(b), II, III, IV and V to this report:

   (a) Annexure I(a) contains the Summary Statement of Profits and Losses, as Restated for the years ended 31st March 2002, 2003, 2004, 2005, 2006 and for the period from 1st April, 2006 to 31st December, 2006.

   (b) Annexure I(b) contains details of Balance of Profit and Loss Account as Restated as at 1st April 2001.

   (c) Annexure II contains Summary Statement of Assets and Liabilities, as Restated as at 31st March 2002, 2003, 2004, 2005, 2006 and 31st December, 2006.

   (d) Annexure III contains Statement of Cash Flows, as Restated.

   (e) Annexure IV contains the Summary of Significant Accounting Policies and Notes on Accounts.

   (f) Annexure V contains Notes on Adjustments on account of Audit Qualifications/Restatements.

Other Financial Information

2. Other financial information relating to BCL prepared by the Company is attached in Annexures VI to XVII to this report:

   (a) Annexure VI contains Statement of Secured Loans, as restated as at 31st December, 2006.

   (b) Annexure VII contains Statement of Unsecured Loans as at 31st December, 2006.

   (c) Annexure VIII contains Details of Dividend Paid.

   (d) Annexure IX contains Schedule of Turnover (Gross).

   (e) Annexure X contains Schedule of Other Income, as Restated.

(f) Annexure XI contains Statement of Sundry Debtors.

(g) Annexure XII contains Statement of Loans and Advances.

(h) Annexure XIII contains Details of Related Party Transactions.

(i) Annexure XIV contains Statement of Contingent Liabilities.

(j) Annexure XV contains Statement of Accounting Ratios, as Restated.

(k) Annexure XVI contains the Tax Shelter Statement.

(l) Annexure XVII contains the Capitalisation Statement, as Restaed.

3. We have reviewed and examined, as appropriate, the financial information contained in these Annexures and are to state as follows:

   (i) The financial information contained in these Annexures is based on the audited financial statements of the Company for the years ended 31^{st} March 2002, 2003, 2004, 2005, 2006 and for the period from 1^{st} April, 2006 to 31st December, 2006.

   (ii) The financial statements for the years ended 31^{st} March 2002, 2003 and 2004 have been audited by M/s S R Batliboi & Co., Chartered Accountants, while those for the years ended 31^{st} March 2005 have been audited by one of us (M/s Deloitte Haskins & Sells) and those for the year ended 31^{st} March, 2006 and for the period from 1^{st} April, 2006 to 31st December, 2006 have been audited by us. We have relied on the financial statements for the years ended 31^{st} March 2002, 2003 and 2004 which have been audited by other auditors for the purposes of this report.

   (iii) As per the Auditor's Report for the years ended 31st March 2002, 2003 and 2005, the financial statements for these years did not give a true and fair view of the state of affairs in case of the Balance Sheet for each of those years, of the profit as disclosed by the Profit and Loss Account for those years and the Cash Flows for the years ended 31^{st} March 2003 and 2005, while the Auditor's Report on the financial statements for the year's ended 31^{st} March 2004, 2006 and for the period from 1^{st} April, 2006 to 31st December, 2006 contained qualifications and were accordingly modified.

   (iv) The Summary Statement of Profits and Losses and Assets and Liabilities and Statement of Cash Flows (Summary Statements) have been restated with retrospective effect to reflect the Significant Accounting Policies being adopted by the Company as at 31st December, 2006 and after considering the effect of Auditor's qualifications except as stated as under:

      (a) Scheme of Arrangement between the Company and Daisy Commercials Private Limited on account of non receipt of approvals from one of the Financial Institution and Bank as the scheme of Arrangement has been approved by the Hon'ble High Court at Calcutta. However, the loan of the said Financial Institution and the bank have been repaid and there are no outstanding as at the end of the period (Refer Note 9 of Annexure V).

      (b) Amounts advanced to/on behalf of Binani Industries Limited during the years/period which were subject to prior approvals of the Financial Institution/s including under section 372A of the Companies Act, 1956 (Refer Note 10 of Annexure V).

      (c) Qualifications relating to investments contained in the Auditor's Reports for the years ended 31^{st} March 2002, 2003, 2004 and 2005 due to non availability of documents of investments and financial statements of the investee companies. These investments have since been transferred to Daisy Commercials Private Limited in terms of Scheme of Arrangement as approved by the Hon'ble High Court at Calcutta. (Refer Note 11 of Annexure V).

(d) Impact due to the change in the policy of accounting for mobile phone done in the period from 1st April, 2006 to 31st December, 2006, as the said impact will not be material. (Refer note 12 of Annexure V).

4. In our opinion, the aforesaid financial information attached to this report read with the Significant Accounting Policies and Notes on Accounts and Other Notes contained in the Annexures and read with our observations contained in paragraph 3(iv) above has been prepared in accordance with the requirements of Part II of Schedule II to the Act and the Guidelines.

5. This report is intended solely for your information and for inclusion in the said Offer Document being issued by the Company with regard to the public offer of the said 20,500,000 Equity Shares of Rs 10/- each of the Company through an offer for sale by J P Morgan Special Situations (Mauritius) Limited and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Kanu Doshi Associates Chartered Accountants	For Deloitte Haskins & Sells Chartered Accountants
Jayesh Parmar Partner Membership No. 45375 Mumbai Dated: 4th April, 2007	A.B.Jani Partner Membership No. 46488 Mumbai Date: 4th April, 2007

ANNEXURE I (a) - SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED						
						(Rs. In Millions)
	For the period from 1st April, 2006 to 31st December, 2006	Year ended 31st March, 2006	Year ended 31st March, 2005	Year ended 31st March, 2004	Year ended 31st March, 2003	Year ended 31st March, 2002
Income :						
Sales :						
Gross Sales	5,665.40	5,840.35	5,289.97	4,626.75	4,410.76	4,336.02
Less: Excise Duty	730.41	955.79	908.38	876.85	748.09	673.36
Net Sales	**4,934.99**	**4,884.56**	**4,381.59**	**3,749.90**	**3,662.67**	**3,662.66**
Other income	**28.69**	**47.91**	**19.33**	**41.19**	**30.62**	**28.43**
Total Income	**4,963.68**	**4,932.47**	**4,400.92**	**3,791.09**	**3,693.29**	**3,691.09**
Expenditure :						
Raw Materials, Packing Materials and Goods Consumption	623.55	729.22	673.41	468.38	451.99	354.26
Other Manufacturing Expenses	1,264.51	1,609.95	1,510.72	1,192.97	1,194.87	1,165.10
Payments to and Provision for Employees	144.00	150.87	135.60	131.88	122.41	109.29
Selling and Administration Expenses	1,269.32	1,090.89	1,067.70	980.03	944.42	989.10
Interest and Finance Charges	241.20	341.74	523.49	560.21	563.40	617.26
Depreciation and Amortisation of Fixed Assets	323.63	429.06	420.04	412.84	405.88	394.76
Total Expenditure	**3,866.21**	**4,351.73**	**4,330.96**	**3,746.31**	**3,682.97**	**3,629.77**
Net Profit before tax	**1,097.48**	**580.74**	**69.96**	**44.78**	**10.32**	**61.32**
Less : Provision for Taxation						
- Current Tax	122.89	48.66	5.49	3.44	-	-
-Deferred Tax	271.00	-	-	-	-	-
- Fringe Benefit Tax	2.25	2.49	-	-	-	-
Net Profit after Taxation as per audited accounts (A)	**701.35**	**529.59**	**64.47**	**41.34**	**10.32**	**61.32**
Adjustments on account of audit qualifications/ restatements						
-Liquidated Damages and Interest on Term Loans	-	(5.43)	(50.81)	-	(11.05)	(30.43)
(Refer note 2, 3 and 4 of Annexure V)						
- Service Tax	-	-	-	(0.13)	-	11.81
(Refer note 5 of Annexure V)						
- Interest on Service Tax	-	-	-	(10.13)	1.77	8.36
(Refer note 5 of Annexure V)						
-Cenvat credit on Explosive and Lubricants	-	(4.49)	1.65	1.60	1.24	-
(Refer note 7 of Annexure V)						
-Additional cess on custom duty on coal	-	(2.91)	1.47	1.44	-	-
(Refer note 8 of Annexure V)						
Total of adjustments	**-**	**(12.83)**	**(47.69)**	**(7.22)**	**(8.04)**	**(10.26)**
Add: Tax impact of adjustments	-	1.08	3.74	0.55	-	-
Total of adjustments after tax impact (B)	**-**	**(11.75)**	**(43.95)**	**(6.67)**	**(8.04)**	**(10.26)**
Net Profit as restated (A+B)	**701.35**	**517.84**	**20.52**	**34.67**	**2.28**	**51.06**
Balance brought forward from previous year as restated	356.32	28.45	7.93	3.26	(1,390.81)	(1,441.87)
Write off against cancellation of Equity Capital and Capital Reserve as per Scheme of Arrangement	-	-	-	-	1,391.79	-
Adjustment on account of transfer of investment division as per Scheme of Arrangement	-	(91.95)	-	-	-	-
Profit/(Loss) available for appropriation as restated	1,057.67	454.34	28.45	37.93	3.26	(1,390.81)
Add/(Less): Transfer to Debenture Redemption Reserve	-	30.00	-	(30.00)	-	-
Less: Transfer from/to General Reserve	-	(13.30)	-	-	-	-
Less : Proposed arrears of Dividend on 12% Cumulative Redeemable	-	(100.61)	-	-	-	-

Preference Shares						
Less: Tax on Proposed Dividend	-	(14.11)	-	-	-	-
BALANCE CARRIED FORWARD AS RESTATED	**1,057.67**	**356.32**	**28.45**	**7.93**	**3.26**	**(1,390.81)**
The accompanying statement on "Significant accounting policies and notes on accounts" are an integral part of this statement.						

ANNEXURE I (b) - BALANCE OF PROFIT AND LOSS ACCOUNT , AS RESTATED AS AT 1ST APRIL, 2001	
	(Rs. In Millions)
Profit and Loss Account as at 1st April, 2001 as per Audited Financial Statements	**(1,305.03)**
Profit and Loss Account as at April 1, 2001 of Munga Holdings Limited on amalgamation	(0.40)
(Refer note 6 of Annexure V)	
Adjustment on account of audit qualifications/ restatements	
-Miscellaneous Expenditure	(86.35)
(Refer note 1 of Annexure V)	
-Liquidated Damages and Interest on Term Loans	(38.40)
(Refer note 2 of Annexure V)	
- Service Tax	(11.69)
(Refer note 5 of Annexure V)	
Profit and Loss Account balance as at 1st April, 2001 as restated	**(1,441.87)**

ANNEXURE II - SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED AS AT								
								(Rs. In Millions)
			31st December, 2006	**31st March, 2006**	**31st March, 2005**	**31st March, 2004**	**31st March, 2003**	**31st March, 2002**
A	**Fixed Assets :**							
	Gross Block		8,163.69	8,039.53	7,919.47	7,678.91	7,455.59	7,322.40
	Less : Accumulated Depreciation		3,386.59	3,080.74	2,669.92	2,286.79	1,896.99	1,504.88
	Net Block		**4,777.10**	**4,958.79**	**5,249.55**	**5,392.12**	**5,558.60**	**5,817.52**
	Add: Capital Work in Progress		4,407.09	1,000.16	51.58	50.56	25.76	15.70
	Total	**(A)**	**9,184.19**	**5,958.95**	**5,301.13**	**5,442.68**	**5,584.36**	**5,833.22**
B	**Investments**	**(B)**	**40.00**	**-**	**231.62**	**232.52**	**232.52**	**231.61**
C	**Current Assets, Loans and Advances:**							
	Inventories		497.45	335.54	335.96	395.90	400.28	398.57
	Sundry Debtors		35.01	2.29	4.32	7.79	7.90	20.11
	Cash and Bank Balances		609.79	1,027.59	88.14	88.21	146.36	164.89
	Loans and Advances		1,247.51	1,517.02	2,215.92	858.91	569.16	706.47
	Assets Held for Disposal		2.43	4.28	3.12	2.92	2.50	2.31
	Total	**(C)**	**2,392.19**	**2,886.72**	**2,647.46**	**1,353.73**	**1,126.20**	**1,292.35**
D.	**Liabilities and Provisions :**							
	Secured Loans		6,526.24	5,479.77	5,009.26	4,135.58	4,077.90	3,678.97
	Unsecured Loans		235.72	-	99.00	16.50	-	-
	Current Liabilities and Provisions		1,344.13	847.03	729.31	556.80	593.91	738.31
	Trade Deposits		137.28	118.21	113.49	111.42	97.31	98.22
	Deferred tax Liability (net)		271.00	-	-	-	-	-
	Total	**(D)**	**8,514.37**	**6,445.01**	**5,951.06**	**4,820.30**	**4,769.12**	**4,515.50**
E.	**Networth**	**(A + B +C- D)**	**3,102.01**	**2,400.66**	**2,229.15**	**2,208.63**	**2,173.96**	**2,841.68**
F	**Represented by**							
	1. Share Capital		2,031.04	2,031.04	2,170.70	2,170.70	2,170.70	4,229.10
	2. Reserves and Surplus							
	- Capital Reserve		-	-	-	-	-	3.39
	- Debenture Redemption Reserve		-		30.00	30.00	-	-
	- General Reserve		13.30	13.30	-	-	-	
	- Profit and Loss Account		1,057.67	356.32	28.45	7.93	3.26	-
	Total (1+2)		3,102.01	2,400.66	2,229.15	2,208.63	2,173.96	4,232.49
	Less: Debit balance of Profit and Loss Account		-	-	-	-	-	1,390.81
	Networth	**(F)**	**3,102.01**	**2,400.66**	**2,229.15**	**2,208.63**	**2,173.96**	**2,841.68**

The accompanying statement on "Significant accounting policies and notes on accounts" are an integral part of this statement.

ANNEXURE III - STATEMENT OF CASH FLOW, AS RESTATED

(Rs. In Million)

	Particulars	For the period from 1st April, 2006 to 31st December, 2006	Year ended 31st March, 2006	Year ended 31st March, 2005	Year ended 31st March, 2004	Year ended 31st March, 2003	Year ended 31st March, 2002
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**						
	Net Profit/(Loss) before tax, as restated	1,097.48	567.91	22.27	37.56	2.28	51.06
	Adjustments for :						
	Depreciation	323.63	429.06	420.04	408.22	400.44	388.94
	Interest and Financial Charges	241.20	347.17	574.30	570.34	572.68	639.33
	Exchange Fluctuation (net)	(1.72)	0.64	3.61	(3.11)	(1.57)	4.52
	Loss /(Profit) on sale/disposal of Fixed Assets	13.80	33.34	54.60	30.46	21.20	85.28
	Capital Work-in -progress written off	18.23					
	Capital spares consumption	-	-	-	-	1.60	-
	Bad debts Written off	1.13	-	-	6.78	-	-
	Profit on Sale of Investments	(0.04)	-	-	-	-	(0.48)
	Interest Income and Dividend Income	(9.46)	(6.98)	(1.92)	(2.61)	(5.02)	(5.21)
	Operating profit before Working capital changes	1,684.23	1,371.14	1,072.90	1,047.64	991.61	1,163.44
	Adjustments for :						
	Trade and other receivables	(384.49)	(44.05)	(19.69)	(19.64)	45.57	(591.82)
	Inventories	(161.91)	(0.73)	62.86	3.96	(1.91)	22.98
	Trade and Other Payables	542.32	(25.55)	259.33	(157.96)	(16.32)	38.06
	Cash generated from operations	1,680.15	1,300.81	1,375.40	874.00	1,018.95	632.66
	Direct Taxes Paid	(47.11)	(7.79)	(3.13)	(1.00)	-	-
	Net cash from operating activities(A)	**1,633.05**	**1,293.02**	**1,372.27**	**873.00**	**1,018.95**	**632.66**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**						
	Purchase of fixed assets	(3,465.36)	(1,118.46)	(341.31)	(305.89)	(181.99)	(269.33)
	Increase in Project Liabilities	-	-	-	-	(11.01)	3.90
	Sale of fixed assets	4.45	2.50	8.22	5.35	0.97	1.77
	Purchase of Investments	(392.11)	-	-	-	(0.90)	-
	Sale of Investments	352.52	-	0.90	-	-	-
	Other Advances (including advances to Binani Industries Ltd., the Holding Company)	614.76	754.50	(1,120.18)	(275.67)	(567.29)	-
	Interest and Dividend Income Received	40.31	5.79	1.60	2.48	6.27	1.97
	Net cash used in investing activities (B)	**(2,845.43)**	**(355.67)**	**(1,450.77)**	**(573.73)**	**(753.95)**	**(261.69)**
	CASH FLOW FROM FINANCING						

C.	**ACTIVITIES :**						
	Proceeds from Long Term Borrowings (Including Funded Interest)	1,308.65	1,560.44	1,154.77	41.91	943.32	-
	Repayment of Term Borrowings	(256.32)	(1,121.31)	(374.44)	(42.01)	(95.24)	(100.28)
	(Repayment of)/ Proceeds from Bank Borrowings(Net)	(7.60)	63.48	(183.12)	57.71	(42.30)	101.97
	(Repayment of)/Proceeds from Other Borrowings	-	(99.00)	82.50	16.50	-	(54.54)
	Proceeds from/(Repayment of)Trade Deposits	19.07	4.72	2.07	14.11	(0.91)	3.39
	Dividend/Dividend Distribution Tax Paid	(114.71)	-				
	Interest and Financial Charges paid	(390.21)	(406.23)	(603.35)	(445.64)	(1,088.40)	(279.00)
	Proceeds from Deferment of Value Added Tax	235.72	-	-	-	-	-
	Net cash used in financing activities (C)	**794.60**	**2.10**	**78.43**	**(357.42)**	**(283.53)**	**(328.46)**
	Net changes in Cash (A+B+C)	**(417.79)**	**939.45**	**(0.07)**	**(58.15)**	**(18.53)**	**42.51**
	Cash and Bank Balances at the beginning of year	1,027.59	88.14	88.21	146.36	164.89	122.38
	Cash and Bank Balances at the end of year	**609.80**	**1,027.59**	**88.14**	**88.21**	**146.36**	**164.89**
	Note:						
	Cash and cash equivalent include cash on hand, bank balance, remittances in transit and cheques in hand.						

ANNEXURE IV - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 **Significant accounting policies**

Basis of Accounting

The financial statements have been prepared under the historical cost convention in accordance with accounting principles generally accepted in India and the provisions of the Companies Act, 1956.

Use of Estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/ materialise.

Revenue Recognition

Sales are recognised on transfer of title to the goods to the customers.

Fixed Assets

Fixed Assets are stated at cost, net of Cenvat. Costs include trial run and stabilisation expenses, interest, finance costs and incidental expenses upto the date of capitalisation and adjustments arising from exchange rate variation relating to borrowings attributable to the Fixed Assets acquired from outside India.

Assets taken on Lease (Hire Purchase)

Assets taken on finance lease (including on hire purchase) on or after 1st April, 2001 are accounted in accordance with Accounting Standard 19 on Leases, issued by The Institute of Chartered Accountants of India (ICAI). Lease payments are apportioned between finance charges and reduction of outstanding liabilities

Depreciation and Amortisation

Depreciation on Plant and Machinery is provided on Straight Line Method, at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956. (Refer note 12 of Schedule V)

Depreciation on other Fixed Assets has been provided on Written Down Value Method at the rates and in the manner prescribed as per Schedule XIV of the Companies Act, 1956 including asset constructed on land not owned by the Company

The total expenditure on mine exploration and development is amortised in the ratio of ore extracted to the total estimated exploitable reserves.

Depreciation on Leasehold Land is provided over the period of Lease.

Impairment of Assets

At the end of each accounting period, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets" issued by the ICAI. An impairment loss is charged to the Profit and Loss account in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

Valuation of Inventories

Raw Material is valued at lower of weighted average cost (net of Cenvat) and net realisable value.

Coal (except for quantities lying at Port), Packing Material and Stores and Spares are valued at weighted average cost (net of Cenvat). Coal lying at Port is valued on specific consignment basis.

Work – in – process is valued at cost.

Finished Goods have been valued at lower of Cost and Net Realisable Value. Cost for this purpose includes direct cost, attributable overheads and excise duty.

Investments

Investments classified as long term investments are stated at cost. Provision is made to recognise any diminution other than temporary in the value of such investments . Current Investments are carried at lower of cost and fair value.

Foreign ExchangeTransactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be, except where they relate to fixed assets where they are adjusted to the cost of fixed assets.

Any premium or discount arising at the inception of the forward exchange contract is recognized as income or expense over the life of the contract, except in the case where the contract is in connection with purchase of fixed asset, where the same is adjusted to the cost of fixed assets. Exchange difference on a forward exchange contract is the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting/settlement date and the said amount translated at the later date of inception of the contract/ last reporting date.

Retirement Benefits

The Provident Fund Scheme is a defined contribution plan for which the contribution accruing during each period / year as per the scheme is expensed. The Gratuity Scheme is a defined benefit plan which is funded with the LIC, provision being made on the basis of premium demanded by LIC. The Company also ascertains the liability towards gratuity at the year-end based on actuarial valuation and provision for the differential amount between the Fund balance and liability determined in actuarial valuation is also made in the books of account (Refer note 14 below). Provision is made towards liability for Leave Encashment on the basis of balance leave of eligible employees as at the end of the period, in accordance with the Company's policy.

Borrowing cost

Borrowing costs which are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Income Tax

Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax and Deferred tax are accounted for in accordance with Accounting Standard 22 on “Accounting For Taxes on Income”, (AS 22) issued by the ICAI. Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same (Refer note 6 below). Fringe benefits tax is recognized in accordance with the relevant provisions of the of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by the ICAI.

Contingent Liability

1 These, if any, are disclosed in the notes on accounts. Provision is made in the accounts if it becomes probable that an out flow of resources embodying economic benefits will be required to settle the obligation.

2 The Scheme of Arrangement between the Company and Daisy Commercials Private Limited (DCPL) and their respective shareholders under section 391 and 394 of the Companies Act, 1956 for transfer of the investment division of the Company, consisting of investments/ application money for investments in various unlisted companies aggregating to Rs. 231.62 millions, to DCPL with effect from 1st April, 2005, was approved by the shareholders on 15th July, 2005 and by the Hon'ble High Court at Kolkata by its Order dated 17th August, 2005. Certified copy of the said Order was filed with the Registrar of Companies on 6th September, 2005.

In accordance with the terms of the said Scheme, the Company transferred the aforesaid investment division to DCPL on 29th September, 2005 against which DCPL has allotted 1,39,66,434 Equity Shares of Rs. 10/- each credited as fully paid-up aggregating to Rs. 139.66 millions to the shareholders of the Company based on the option forms received by DCPL from the shareholders. On allotment of the aforesaid shares by DCPL, 1,39,66,434 Equity Shares of Rs.10/- each fully paid-up of the Company held by such shareholders stand cancelled and the paid-up Share Capital of the Company is accordingly reduced to Rs.2,031.01 millions divided into 20,31,01,274 Equity Shares of Rs. 10/- each fully paid-up. The difference of Rs. 91.95 millions, has been adjusted against the balance in the Profit and Loss Account in accordance with the terms of the Scheme.

	The approval to the said Scheme has been received from one of the Financial Institutions, while that of the one other Institution and Bank are awaited. However, the loans of the Financial Institutions and the Bank have been repaid and there are no outstandings as at the end of the period.							
3	Due to a breakdown in the cooling tower attached to the captive power plant (CPP), the CPP was not in operation during the period from 4th August, 2005 to 30th September, 2005. As a result, power was drawn from the Jodhpur Vidyut Vitran Nigam Limited's grid during the said period. However, due to the load restrictions in the grid, which were particularly severe during the period from 30th August, 2005 to 8th September, 2005, production of cement was adversely effected. The Company has lodged claims for machinery breakdown for Rs.8.08 millions and for loss of profit due to the breakdown for Rs.85.70 millions with the National Insurance Company Limited (NICL), which has not been settled by NICL.							
	The Company had initially accounted for the Insurance Claim aggregating to Rs.56.80 millions on the basis of an experts opinion about the best estimate of the aforesaid claim in the interim accounts for the period from 1st April, 2005 to 31st December, 2005. However, considering the delay in processing of the claims by NICL the said amount was reversed in the financials for the year ended 31st March, 2006, on a conservative basis.							
	The Company is exploring various options, including legal, to proceed in the matter. The accounting for the said claim will be done in the period of settlement thereof.							

4 **Particulars in respect of goods manufactured:**

		For the period from 1st April, 2006 to 31st December, 2006	For the year ended 31st March, 2006	For the year ended 31st March, 2005	For the year ended 31st March, 2004	For the year ended 31st March, 2003	For the year ended 31st March, 2002
Cement (MT)	Installed Capacity (Annual)*	2,250,000	2,250,000	2,200,000	2,150,000	2,000,000	2,000,000
	Actual Production	1,797,177	2,313,019	2,240,237	2,202,377	2,112,559	1,921,087
Clinker (MT)	Actual Production	1,480,925	1,965,666	1,849,623	1,997,400	1,918,305	1,816,335

Licensed capacity is not indicated due to abolition of Industrial Licenses as per Notification No. 477(E) dated 25th July, 1991 issued under The Industries (Development and Regulation) Act, 1951.

Installed capacity being a technical matter, the same has been assessed by the management and relied upon by the Auditors.

* Installed capacity has been increased to 20,00,000 MT, 21,50,000 MT, 22,00,000 MT and 22,50,000 MT with effect from 15th July 2001, 1st December, 2003, 31st March, 2005 and 31st December, 2005 respectively.

5 In view of inordinate delay in obtaining requisite land related clearance in Gurgaon, Haryana, the Plant and Machinery relating to the Company's ready mix concrete plant, lying uninstalled at the aforesaid location, have been shifted to Binanigram as an interim measure for utilising the same for the civil construction in the expansion project undertaken by the Company at Binanigram. The ready mix concrete plant has since been installed at the Binanigram Plant. Depreciation aggregating to Rs.1.99 millions for the period after installation (Rs.1.28 millions for the period from 1st April, 2006 to 31st December, 2006 (Previous period Rs.0.28 million)) has been capitalised in respect of the expansion project. Further, the expenditure related to civil works, site development, etc. at the aforesaid location has been written-off during the period.

6 Current tax for the period is provided considering the provisions of Minimum Alternative Tax under the Income-tax Act, 1961. Deferred tax asset in respect of timing difference and unabsorbed depreciation and business loss has been recognised to the extent of deferred tax liability, representing depreciation, available for set off.

The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities as on 31st December, 2006 are given below:

		(Rs. In Millions)
a)	Deferred Tax Liability	
	Fixed Assets	**837.01**
	Misc. Expenditure	**-**
	Total	**837.01**
b)	Deferred Tax Asset	
	Disallowance under Income Tax Act, 1961	**(11.78)**
	Unabsorbed losses and depreciation *	**(554.46)**
	Total	**(566.24)**
	Provision for Deferred tax (net)	**270.77**
	Rounded off	**271.00**

	* The above deferred tax assets include Rs.42.69 millions (previous year Rs.Nil) relating to disallowances of certain expenses in the assessment, which has been disputed by the Company in appeal and which the Company is hopeful of success							
7	The Company operates in a single segment i.e., "Production and Sales of Cement in India". The Company's entire cement sales are in India. Hence no additional disclosure under Accounting Standard - 17 , "Segment Reporting" are required in these financial information.							

		For the period from 1st April, 2006 to 31st December, 2006	For the year ended 31st March, 2006	For the year ended 31st March, 2005	For the year ended 31st March, 2004	For the year ended 31st March, 2003	For the year ended 31st March, 2002
8	**Managerial Remuneration**						(Rs in Millions)
	Salary	5.85	8.00	1.62	1.50	1.06	0.92
	Contribution to Provident and other funds	0.21	0.04	-	0.32	0.30	0.27
	Perquisites *	0.48	0.81	0.20	0.18	0.16	0.18
	TOTAL	6.54	8.85	1.82	2.00	1.52	1.37
	* Does not include monetary value of non cash perquisites as per Income-tax Act,1961.						
9	**Value of imports calculated on C.I.F. basis :**						
	Capital Goods	508.87	18.27	4.18	7.19	5.26	6.76
	Stores and Spare parts of Machinery	21.26	24.92	20.91	30.48	54.50	56.50
10	**Expenditure in Foreign Currency (on Payment basis) :**						
	Interest	4.73	5.13	3.65	6.33	7.71	12.88
	Others	1.70	0.47	3.89	0.63	2.66	1.10
	TOTAL	6.43	5.60	7.54	6.96	10.37	13.98
11	**Earnings in Foreign Exchange**						
	Exports - F.O.B. basis	-	0.28	1.85	0.12	0.85	-
12	The Company's expansion project at its existing site for increase of its present production capacity of cement along with captive power plants is under implementation. Incidental expenses pertaining to the project incurred, included under capital work in progress, are as under.						
	Balance brought forward	50.19	-	-	-	-	-
	Power and Fuel	3.04	0.43	-	-	-	-
	Other Operating Expenses	3.20	1.74	-	-	-	-
	Repairs and Maintenance - Building	-	0.04	-	-	-	-
	Repairs and Maintenance - Plant & Machinery	-	0.01	-	-	-	-
	Repairs and Maintenance - Others	0.04	0.06	-	-	-	-
	Salaries and Wages	2.39	2.18	-	-	-	-
	Contribution to Provident and other Funds	0.19	0.18	-	-	-	-
	Workmen and Staff Welfare Expenses	0.04	0.00	-	-	-	-
	Rent	0.23	0.20	-	-	-	-
	Rates & taxes	0.92	-	-	-	-	-
	Insurance	5.42	5.36	-	-	-	-
	Other Sundry Expenses	8.37	5.59	-	-	-	-
	Depreciation	1.54	0.75	-	-	-	-
	Interest - Debenture	18.95					
	Interest - Term Loans	80.50	14.12	-	-	-	-
	Finance charges	55.66	29.40	-	-	-	-
		230.68	60.06	-	-	-	-
	Less:						
	Interest received	31.92	9.86	-	-	-	-

	Dividend received	2.11	-	-	-	-	-
	Profit on sale of Investment	0.37	-	-	-	-	-
	Other Income	0.04	0.01	-	-	-	-
	Balance in Capital work in Progress	196.24	50.19	-	-	-	-
	Note :						
	Interest income include interest earned from the temporary investment of the surplus funds prior to their utilisation for capital expenditure. Such funds has been specifically identified for the said project.						
13	The estimated amounts of contracts and commitments remaining to be executed on capital account and not provided for (Net of advances).	1,705.89	4,240.48	27.08	56.49	52.54	21.15
14	The Company's Gratuity scheme is a defined benefit plan which is funded with the Life Insurance Corporation of India (LIC). There is no additional liability on account of acturial valuation of gratuity as on 1st April,2006 calculated as per the revised Accounting Standard -15 on "Employees benefit ".						

ANNEXURE V - NOTES ON ADJUSTMENTS ON ACCOUNT OF AUDIT QUALIFICATIONS/ RESTATEMENTS

A The following adjustments have been made to the Summary Statement of Profits and Losses, Summary Statement of Assets and Liabilities and Statement of Restated Cash Flow ("Summary Statements"):

1 A Scheme of Arrangement under sections 391 to 394 of the Companies Act, 1956 between the Company and Binani Industries Limited, the holding company was approved by the Hon'ble High Court at Calcutta vide order dated 14th August, 2003 and by Industrial Development Bank of India vide letter dated 23rd April, 2003 w.e.f. 1st October, 2002.

The following are the adjustments, out of the scheme, which have been given effect to in the accounts of the Company:

6,70,00,000 equity shares of Rs.10/- each held by Binani Industries Limited have been cancelled with effect from 1st October, 2002 by the Company against advances/payments of Rs. 670.00 millions to Binani Industries Limited. Out of the remaining paid-up capital of the Company represented by 35,59,07,920 Equity Shares of Rs 10/- each fully paid-up a sum of Rs.3.90 per share has been cancelled with effect from 1st October, 2002 against accumulated losses and miscellaneous expenditure as on 1st April, 2001 amounting to Rs.1,388.40 millions (net of capital reserve of Rs.3.39 millions). Accordingly 35,59,07,920 fully paid up equity shares of Rs.6.10 each have been consolidated into 21,70,67,708 fully paid up equity shares of Rs 10/- each.

However, in the Summary Statement of Profit and Losses, the amount of Miscellaneous Expenditure aggregating to Rs.86.35 millions has been adjusted from the balance of profit and loss as at 1st April, 2001 (Refer Annexure I (b).

2 During the year ended 31st March 2005, IDBI has converted liquidated damages and interest on various term loans aggregating to Rs.79.88 millions into Zero Coupon Loan as per the restructuring package. The interest pertains to the years ended 31st March, 2000 – Rs.18.97 millions; 31st March, 2001 – Rs.19.43 millions; 31st March, 2002 - Rs.30.43 millions and 31st March, 2003 - Rs.11.05 millions and were accounted in the respective years. Appropriate effect has been given in the Summary Statement of Profits and Losses in those respective years for the purpose of restatement.

3 During the year ended 31st March, 2005, the proposal of Binani Industries Limited (BIL) - the holding company made to IDBI requesting modifications to the Restructuring Packages (RP) sanctioned earlier to BIL, Binani Zinc Limited (BZL) and the Company, was agreed in principle by IDBI with effect from 1st October, 2004 vide IDBI's letter dated 31st March, 2005. As per the RP, certain term loans were transferred from BIL to BZL and the Company. Further, the Company was required to fulfil several conditions/requirements, which were complied with. The confirmation from IDBI for fulfilment of aforesaid conditions/requirements is awaited.

Further, the Company, commencing from 1st October, 2004, has accounted for the interest charge on the various loans/Funded Interest Term Loans at a lower rate as sanctioned in the RP. Such reduction in interest aggregating to Rs.136.12 millions for the period from 1st October, 2004 to 31st March, 2005 was converted to Zero Coupon Loan (ZCL) by IDBI, during the year ended 31st March 2005, on which a view will be taken by IDBI for waiver of the same on annual review and compliance of all terms of the RP by the Company to the satisfaction of IDBI. However, the Company had, in the said year, not accounted for the aforesaid interest which was converted to ZCL by IDBI in the profit and loss account, as it is hopeful of receiving the aforesaid waiver on fulfilling all the conditions mentioned in the RP which have since been complied with.

The above was a subject matter of qualification in the Audit Report on the accounts for the years ended 31st March, 2005 , 31st March, 2006 and for the period from 1st April, 2006 to 31st December, 2006.

For the purposes of the Summary Statement of Profits and Losses, the interest amount of Rs. 136.12 millions is accounted for as an expense for the year ended 31st March, 2005 and included in Secured Loans as at 31st March, 2005, 31st March, 2006 and as at 31st December, 2006.

4 Industrial Investment Bank of India (IIBI) vide letter dated 19th April, 2005 addressed to BIL, agreed in principle to the proposal of BIL, requesting modifications to the Restructuring Packages (RP) sanctioned earlier to BIL, BZL and the Company, subject to the Company negotiating the revised terms of the loan and the Funded Interest Term Loan (FITL) and continuing the existing security of IIBI. The formal letter containing the revised terms and conditions was not received by the Company.

	The RP, inter-alia, provided for transfer of term loan and FITL from BIL to the Company. Accordingly, the Company had given effect to the aforesaid modification of RP in the accounts for the year ended 31st March, 2005 and accounted for term loan amounting to Rs.180.00 millions, FITL amounting to Rs.39.61 million and ZCL amounting to Rs.0.99 millions from BIL with effect from 1st October, 2004 in its books of account. The Company has accounted and paid the applicable interest on the aforesaid loans during the year ended 31st March, 2006 from the date of transfer to the Company.
	During the year ended 31st March, 2006, arising out of the one time settlement (OTS), IIBI agreed to settle the dues pertaining to FITL at 31% of the outstanding balance as at 31st March, 2005 and waive the balance. Accordingly, out of the total benefit aggregating to Rs.33.62 millions, on account of the OTS, an amount of Rs.5.43 millions has been credited to the Profit and Loss Account as write back on interest, as the Company's share of the benefit and the balance of Rs.28.19 millions has been transferred to BIL, being BIL's share of the benefit. IIBI has issued the 'no dues' letter to BIL subsequently on full settlement of its dues as stated above.
	For the purposes of the Summary Statements, the write back of interest amounting to Rs. 5.43 millions pertaining to the year ended 31st March, 2005 has been reversed in the year ended 31st March, 2006 and effect given in the year ended 31st March, 2005. The loan amount has been adjusted in the respective year on account of this.
5	Pending disposal of special leave petition filed with Hon'ble Supreme Court of India, the service tax liability of Rs.11.69 millions was not provided for in the accounts during the year ended 31st March, 2001 but was provided for in the year ended 31st March, 2002. Further, interest aggregating to Rs.10.13 millions on service tax which was provided in the years ended 31st March, 2002 and 2003 was reversed in the year ended 31st March, 2004 as the same was considered as excess provision.
	The non-provision of the above was a subject matter of qualification in the Audit Report on the accounts for the year ended 31st March, 2001.
	Appropriate accounting treatment has been given in the respective years for the above in the Summary Statements.
6	In accordance with the Scheme of Amalgamation between the Company and Munga Holdings Limited (MHL) (incorporated with the main object inter-alia of carrying on the business of manufacture and sale of Cement) under sections 391(2) and 394 of the Companies Act, 1956, sanctioned by the Hon'ble High Court at Calcutta vide its order dated 12th December, 2000, MHL was merged with the Company with effect from 1st April, 2000, the appointed date, and upto and including the date on which the undertaking of MHL was duly transferred to the company as provided herein, MHL was to carry on its business in usual course and deemed to be carrying on the same for and on behalf of and in trust for the company with effect from the appointed date. The net consideration since satisfied by allotment of 2,28,99,600 equity shares of Rs. 10/- each, credited as fully paid, of the Company to the shareholders of MHL, the part which is subject to cancellation towards writing off of accumulated losses and miscellaneous expenditure stood s on 1st April, 2001 as per Scheme of Arrangement approved by the Hon'ble High Court at Calcutta (Refer note 1 above).
	Accordingly the loss of MHL of Rs.0.40 millions as on 1st April, 2001 has been adjusted in the Summary Statements in the respective years.
7	Cenvat credit on explosive and lubricants used in mines of Rs. 1.24 millions, Rs. 1.60 millions, Rs.1.65 millions related to the years ended 31st March, 2003, 2004 and 2005 respectively was disputed by the excise department. Appeal made by the Company was decided in the Company's favour during the year ended 31st March, 2006. Accordingly, effect for the credit received is given in the Summary Statements in the respective years
8	Additional cess on custom duty on coal of Rs. 1.44 millions and Rs. 1.47 millions relating to the years ended 31st March, 2004 and 2005 respectively was credited to coal consumption account during the year ended 31st March, 2006 consequent to the receipt of refund order during the year ended 31st March, 2006. Accordingly, appropriate effect has been given in the Summary Statements in the respective years to which they pertain.
B	**The following adjustments have not been made to the Summary Statements for reasons stated therein:**
9	The Scheme of Arrangement between the Company and Daisy Commercials Private Limited (DCPL) and their respective shareholders under section 391 and 394 of the Companies Act, 1956 for transfer of the investment division of the Company, consisting of investments/application money for investments in various unlisted companies aggregating to Rs. 231.62 millions, to DCPL with effect from 1st April, 2005, was approved by the shareholders on 15th July, 2005 and by the Hon'ble High Court at Kolkata by its

	Order dated 17th August, 2005. Certified copy of the said Order was filed with the Registrar of Companies on 6th September, 2005. (Refer note 1 and 6 above)
	In accordance with the terms of the said Scheme, the Company transferred the aforesaid investment division to DCPL on 29th September, 2005 against which DCPL has allotted 1,39,66,434 Equity Shares of Rs. 10/- each credited as fully paid-up aggregating to Rs. 139.66 millions to the shareholders of the Company based on the option forms received by DCPL from the shareholders. On allotment of the aforesaid shares by DCPL, 1,39,66,434 Equity Shares of Rs.10/- each fully paid-up of the Company held by such shareholders stand cancelled and the paid-up Share Capital of the Company is accordingly reduced to Rs. 2,031.01 millions divided into 20,31,01,274 Equity Shares of Rs. 10/- each fully paid-up. The difference of Rs. 91.95 millions, has been adjusted against the balance in the Profit and Loss Account in accordance with the terms of the Scheme.
	The approval to the said Scheme has been received from one of the Financial Institutions, while those of the one other Institution and Bank are awaited.However, the loans of the said institution and bank have been repaid and there are no outstandings as at the period/ year end.
10	Amounts advanced to/ on behalf of Binani Industries Limited during the years ended 31st March, 2002, 2003, 2004, 2005 and for the period from 1st April, 2005 to 31st December, 2005, were subject to prior approvals of the Financial Institution/s, including under section 372A of the Companies Act, 1956 and were accordingly subject matter of qualification in the Audit Reports for the aforesaid year/ period ends.
	No effect has been given to the above in the Summary Statements as the same cannot be ascertained.
11	The investments of the erstwhile Munga Holdings Limited (MHL), which was merged with the Company (Refer notes 1 and 6 above) aggregating to Rs.231.62 millions was a subject matter of qualification in the Audit Reports on the accounts for the years ended 31st March, 2002, 2003, 2004 and 2005 to the effect that the diminution, other than temporary, if any, in their value could not be determined due to non-availability of documents of investments and financial statements of the investee companies. Further, the said investments were also not transferred in the name of the Company.
	No effect has been given to the above in the Summary Statements due to non-availability of documents and financial statements as aforesaid. These investments have since been transferred to Daisy Commercials Private Limited in terms of the Scheme of Arrangement as approved by the Hon'ble High Court at Calcutta (Refer Note 9 above).
12	During the current period, in order to have more appropriate presentation of the fixed assets and with regard to the amounts involved, the Company changed its policy of capitalising mobile phones as part of plant and machinery, hitherto followed. Accordingly, the written down value as at 1st April, 2006 of such mobile phones aggregating to Rs.0.17 million has been written off during the said period. Further, the cost of the mobile phones purchased henceforth will be charged to the profit and loss account in the year of purchase. The impact of the aforesaid change on the profit for the period and for the earlier years will not be material and hence no effect is given in the Summary Statements.

BINANI CEMENT LIMITED

ANNEXURE VI – STATEMENT OF SECURED LOANS, AS RESTATED AS AT 31ST DECEMBER, 2006

Sr.No.	Name of the Lender	(Rs. In Millions) Principal Outstanding	Rate of Interest	Repayment Schedule	Details of Security (if applicable)
A.	**Term Loans from Financial Institutions / Banks**				
(i)	**IDBI**				
	Rupee Term Loan (RTL)	1,876.28	9.50%	In 156 EMI started on 30th September, 2005	Secured / to be secured by (a) a first mortgage and charge created on immovable properties of the Company at Binanigram, Pindwara, Sirohi, in Rajasthan except the assets of the first phase of the 2X22.30 MW captive power plant comprising of 1X22.30 MW power plant and common facilities which are exclusively charged to Srei Infrastructure Finance Ltd. and Binani Zinc Limited (erstwhile Zinc Division of BIL) (BZL) at Binanipuram, Kerala (a subsidiary of BIL) and of BIL ,both present and future, (b) first charge by way of hypothecation on all movables of the company at Binanigram, Pindwara, Sirohi in Rajasthan and BZL at Binanipuram, Kerala, and BIL (save and except book debts) including movable machinery, machinery spares, tools and accessories, present and future, subject to charges on specifiied movables created and / or to be created for securing the borrowings for working capital requirements from Banks and ranking pari

	Rupee Term Loan	796.46	8.00%	In 156 EMI started on 30th September, 2005	-passu with mortgages and charges created and/or to be created in favour of Institutions / Banks / Debenture Trustee(s)/other term lenders as detailed in the respective loan agreement(s)/ deed(s) of hypothecation / debenture trust deed(s) executed by the Company, (c) Corporate Guarantee of BIL and Personal Guarantee of a Director of the company, (d) Pledge of 10,35,81,650 Equity Shares of Rs. 10 each held by BIL on pari passu basis with UTI Bank Ltd for Debenture of Rs.700.00 millions, (e) Pledge of 42,00,000 6% Non Cummulative Redeemable Preference Shares of Rs.100 each of Goa Glass Fibre Limited held by BIL and (f) pari passu charge on Trust & Retention Account.
	Funded Interest Term Loan	754.09	3.00%	In 132 EMI started on 30th September, 2005	
	Zero Coupon Loan – II	136.12	-	(Refer note 3 of Annexure-V)	
(ii)	JP Morgan Securities- RTL	850.00	9.50%	6 half yearly installments after project completion date.(Expected date of project completion March, 2007)	Secured by (a) first mortgage and charge created on immovable properties of the Company at Binanigram, Pindwara, Sirohi, in Rajasthan except the assets of the first phase of the 2X22.30 MW captive power plant comprising of 1X22.30 MW power plant and common facilities which are exclusively charged to Srei Infrastructure Finance Ltd., both present and future, ranking pari-passu with mortgages and charges created and/or to be created in favour of

					Institutions / Banks / Debenture Trustee(s) as detailed in the respective loan agreement(s) / deed(s) of hypothecation / debenture trust deed(s) executed by the Company and (b) pari passu charge on Trust and Retention Account (Refer (vi) below).
(iii)	SREI Infrastructure Finance Limited	232.77	Monthly at SBR 0.50% (Presently 10.50%) per annum for the first three years. The Interest rate from 4th year onwards will be (SBR+0.25%) 10.25% per annum which will be monthly payable.	72 monthly instalments starting from1st October,2007 .	Secured/ to be secured by (a) Exclusive first charge on the Assets of the First phase of 2X22.30 MW Captive power Plant comprising of 1X22.30 MW captive power Plant and common amenities, both present and future, (b) Corporate Guarantee of BIL and (c) Pari passu charge on Trust and Retention Account.
(iv)	Punjab National Bank	2.50	10.75%	Three Annual Installments (1st and 2nd year Rs.0.83 million and 3rd year Rs.0.85 million)	Secured/to be secured by a first pari-passu charge on the Alternate Fuel Feeding System.
(v)	Oriental Bank of Commerce	200.00	10%	24 monthly instalments of Rs. 0.84 millions (last being Rs. 0.68 million) from July,07.	Secured by first charge by way of hypothecation of fixed assets (capital goods) imported/ procured under Letter of Credit opened by the bank. The facility is further secured by first charge on the immovable property of the Company at Binanigram, Pindwara, Sirohi in Rajasthan except assets of first-phase of 2X22.30 MW power plant comprising of 1X22.30 MW power plant and common facilities which are exclusively charged to Srei Infrastructure Finance Ltd
(vi)	J P Morgan Chase Bank National Association	450.00	9.50%	6 half yearly installments after project completion date.(	To be secured by (a) first mortgage and charge created on immovable properties of the Company at Binanigram, Pindwara, Sirohi, in Rajasthan except the assets of the first phase of the 2X22.30 MW captive power plant comprising of 1X22.30

				Expected date of project completion March, 2007)	MW power plant and common facilities which are exclusively charged to Srei Infrastructure Finance Ltd., both present and future, ranking pari-passu with mortgages and charges created and/or to be created in favour of Institutions / Banks / Debenture Trustee(s) as detailed in the respective loan agreement(s) / deed(s) of hypothecation / debenture trust deed(s) executed by the Company and (b) pari passu charge on Trust and Retention Account. The Company has received letter dated 17th October,2006 from JP Morgan Securities India Pvt. Ltd. in terms of clause 20.1 of Facility agreement intimating the Company that they propose to assign the facility of Rs.1300.00 million together with rights and commitment in favour of JP Morgan Chase Bank , Mumbai. The Company has conveyed acceptance of proposal for assignment but the formalities for assignment of the loan are yet to be completed. Out of total facility of Rs.1,300.00 millions, Rs.850.00 millions were disbursed by JP Morgan Securities India Pvt. Ltd. while Rs.450.00 millions have been disbursed by JP Morgan Chase Bank, Mumbai (Refer (II) above).
(vii)	Interest Accrued and due	1.74			
(viii)	**Debentures**				
a)	9.5% Secured Redeemable Non Convertible Debentures (9.5% NCD)	700.00	9.50%	24 quarterly installments starting from 31st March, 2007	'Secured by (a) a charge created on the moveable and immoveable properties of the Company located at Binanigram, Pindwara, Sirohi in Rajasthan except the assets of the first phase of the 2X22.30 MW captive power plant comprising of 1X22.30 MW power plant and

					common facilities which are exclusively charged to Srei Infrastructure Finance Ltd., both present and future and exclusive first charge on plot of land situated at village Mouj, Dhanot, Kalol, Mehsana, Gujarat subject to charges on specified movables created for securing the borrowings for working capital requirements from Banks ranking pari-passu with charges created and/or to be created in favour of Financial Institutions/Banks/Debenture Trustee(s) executed by the Company , (b) Corporate Guarantee of BIL (c) Pledge of 10,35,81,650 Equity Shares of Rs. 10 each held by BIL on pari passu basis with IDBI, (d) Personal Guarantee of a Director of the Company and (e) pari passu charge on Trust and Retention Account.
b)	9.5% (Reset Rate) Secured Redeemable Non Convertible Debentures (9.5% SRNCD) -	400.00	9.50%	12 quarterly installments starting from 30th September, 2008	Secured by (a) a charge created on the moveable and immoveable properties of the Company located at Binanigram, Pindwara, Sirohi in Rajasthan except the assets of the first phase of the 2X22.30 MW captive power plant comprising of 1X22.30 MW power plant and common facilities which are exclusively charged to Srei Infrastructure Finance Ltd. ,both present & future and exclusive first charge on plot of land situated at village Mouj, Dhanot, Kalol, Mehsana, Gujarat subject to charges on specified movables created for securing the borrowings for working capital requirements from Banks ranking pari-passu with charges created and/or to be created in favour of Financial Institutions/Banks/Debenture Trustee(s) executed by the Company, (b) Corporate Guarantee of BIL and (c) pari passu

					charge on Trust and Retention Account
	Sub-Total (A)	**6,399.96**			
B.	**Working Capital Demand loans/Cash Credit from Banks**	**126.00**	13.00%	**-**	Secured against (a) hypothecation of Raw Materials, Stock in Trade, Stock-in-Process, Finished Goods, Book Debts and other receivables belonging to the Company, second charge on immovable properties of the Company and Corporate Guarantee of BIL and (b) pari passu charge on Trust and Retention Account.
C.	**Hire Purchase Loans**	**0.28**	-	In 35 EMI started on 1st May, 2005	Secured by hypothecation of respective vehicle. The title in the property of respective vehicle to pass on payment of final instalment..
Grand Total (A+B+C)		**6,526.24**	**-**	**-**	

ANNEXURE VII - STATEMENT OF UNSECURED LOANS AS AT 31ST DECEMBER, 2006	
	(Rs. In Millions)
Particulars	**Balance Outstanding**
Deferment of Value Added Tax	235.72
Note:	
1. Refer note 1 (xi) of Annexure XIV.	

ANNEXURE VIII - DETAILS OF DIVIDEND PAID

(Rs. In Millions)

Class of Shares	For the period from 1st April, 2006 to 31st December,	Year Ended 31st March,				
	2006	2006	2005	2004	2003	2002
Number of Preference Shares at the end of the year of Rs. 100/- each fully paid-up	-	-	-	-	-	-
Rate of Dividend	-	12%	-	-	-	-
Amount of Dividend	-	100.60	-	-	-	-

Note: During the year ended 31st March, 2006 arrears of Preference dividend @ 12% on 1,00,00,000 12% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid-up was declared which pertains to the period from 28th October, 1998 to 30th August, 1999.

ANNEXURE IX - SCHEDULE OF TURNOVER (GROSS)						
						(Rs. In Millions)
Particulars	**For the period from 1st April, 2006 to 31st December,**	**Year Ended 31st March,**				
	2006	**2006**	**2005**	**2004**	**2003**	**2002**
Manufacturing Sales	5,665.40	5,840.07	5,288.04	4,626.63	4,409.85	4,336.02
Trading Sales	-	0.28	1.93	0.12	0.91	-
Total Sales	**5,665.40**	**5,840.35**	**5,289.97**	**4,626.75**	**4,410.76**	**4,336.02**

ANNEXURE X -SCHEDULE OF OTHER INCOME, AS RESTATED						
						(Rs. In Millions)
Particulars	**For the period from 1st April, 2006 to 31st December,**	**Year Ended 31st March,**				
	2006	**2006**	**2005**	**2004**	**2003**	**2002**
Other Income, as restated	28.69	43.42	19.33	30.93	30.62	28.43
Net Profit before tax, as restated	1,097.48	567.91	22.27	37.56	2.28	51.06
Percentage (%)	2.61	7.65	86.80	82.35	1,342.98	55.68
Source of Income						
Scrap sales	4.80	6.12	7.42	5.88	8.14	4.35
Interest	9.46	6.98	1.92	2.61	5.02	5.21
Write back of interest	-	5.43	-	-	-	-
Insurance Claim	2.15	6.53	4.12	2.57	0.76	0.77
Income from 'inadvertent' flow of surplus power to Rajasthan Power Procurement Centre	8.04	12.09	4.32	4.35	9.73	14.37
Exchange Fluctuation (Net)	-	2.57	-	13.36	4.02	-
Received from Life Insurance Corporation (LIC) on closure of Superannuation Scheme	1.71	-	-	-	-	-
Profit on sale of Investment	0.04	-	-	-	-	-
Miscellaneous Income	2.49	3.70	1.55	2.16	2.95	3.73
Total	**28.69**	**43.42**	**19.33**	**30.93**	**30.62**	**28.43**
Notes:						
1. Refer note 5 and 7 of Annexure V.						
2. Other Income consist primarily of items of recurring nature.						

ANNEXURE XI -STATEMENT OF SUNDRY DEBTORS AS AT

(Rs. In Millions)

Particulars	31st December, 2006	31st March, 2006	31st March, 2005	31st March, 2004	31st March, 2003	31st March, 2002
(Unsecured, considered doubtful)						
- Outstanding for a period less than six months	-	-	-	-	-	-
- Outstanding for a period exceeding six months	-	-	-	-	-	-
(Unsecured, considered good)						
- Outstanding for a period less than six months	35.01	1.76	4.32	7.79	1.12	7.67
- Outstanding for a period exceeding six months	-	0.53	-	-	6.78	12.44
	35.01	2.29	4.32	7.79	7.90	20.11

ANNEXURE XII - STATEMENT OF LOANS AND ADVANCES AS AT						
						(Rs. In Millions)
Particulars	**31st December, 2006**	**31st March, 2006**	**31st March, 2005**	**31st March, 2004**	**31st March, 2003**	**31st March, 2002**
Due from Holding Company	752.36	1,367.12	2,121.62	780.84	505.17	607.88
Advances Recoverable in Cash or in Kind or for the value to be received	371.28	98.76	44.84	44.11	33.37	39.15
Other Deposits	43.80	30.93	21.95	28.76	27.24	40.55
Balance with Excise Authorities	80.07	20.21	27.50	5.20	3.38	18.89
	1,247.51	1,517.02	2,215.92	858.91	569.16	706.47
Note: Refer note 7 of Annexure V.						

Annexure XIII - Related Party Transactions

(Rs. In Millions)

Particulars	Holding Company	Key Manangement Personnel	Fellow Subsidiary	Enterprises where Key Manangement Personnel has got significant influence
For the period from 1st April, 2006 to 31st December, 2006.				
Purchase of water tanks	-	-	4.53	-
Payment of Remuneration	-	6.54	-	-
Expenses reimbursed	6.36	-	-	-
Interest charged by the Company	47.53	-	-	-
Receipt (Net) arising out of transactions in current account	(614.76)	-	-	-
Balance outstanding as on 31st December, 2006	752.36	-	-	-
For the year ended 31st March, 2006.				
Payment of Services charges	-	-	-	3.24
Payment of Rent	-	-	-	0.36
Payment of Remuneration	-	8.84	-	-
Expenses reimbursed	16.45	-	-	-
Interest charged by the Company	94.77	-	-	-
Receipt (Net) arising out of transactions in current account	754.50	-	-	-
Balance outstanding as on 31st March, 2006	1,367.12	-	-	-
For the year ended 31st March, 2005.				
Payment of Services charges	-	-	-	6.38
Payment of Remuneration	-	1.82	-	-
Expenses reimbursed	42.57	-	-	-
Interest charged by the Company	85.98	-	-	-
Payment of Rent	-	-	-	0.58
Sale of Stores & Spares	-	-	-	1.93
Payment (Net) arising out of transactions in current a/c	197.13	-	-	-
Transfer of Loans from	1,143.65	-	-	-
Balance outstanding as on 31st March, 2005	2,121.62	-	-	-
For the year ended 31st March, 2004.				
Payment of Services charges	-	-	-	6.22
Payment of Remuneration	-	2.00	-	-
Expenses reimbursed	51.79	-	-	-
Interest charged by the Company	95.70	-	-	-
Payment of Rent	-	-	-	0.56
Payment (Net) arising out of transactions in current a/c	275.67	-	-	-
Balance outstanding as on 31st March, 2004	780.84	-	-	-
For the year ended 31st March, 2003.				
Payment of Remuneration	-	1.52	-	-
Payment of Services charges	-	-	-	6.24
Expenses reimbursed	56.03	-	-	-
Interest charged by the Company	88.96	-	-	-
Payment of Rent	-	-	-	0.36
-Payment (Net) arising out of transaction in current a/c	(102.71)	-	-	-
Balance outstanding as on 31st March, 2003	505.17	-	-	-

For the year ended 31st March, 2002.				
Payment of Remuneration	-	1.37	-	-
Proceeds from sale of fixed assets	1.49	-	-	-
Payment of Services charges	-	-	-	6.15
Expenses reimbursed	59.28	-	-	-
Interest reimbursed	0.30		-	
Interest charged by the Company	38.99	-	-	-
-Payment towards outstanding as on 31st March, 2001	42.04	-	-	-
-Payment (Net) arising out of transaction in current a/c	607.88	-	-	-
Balance outstanding as on 31st March, 2002	607.88	-	-	-

Note:	
1	Guarantees given/to be given to Banks and Financial Institutions by holding company and Mr. Braj Binani on behalf of the Company have been separately disclosed in Annexure VI of financial statements.
2	Guarantees given by the Company on behalf of the holding company and fellow subsidiary have been separately disclosed in Annexures VI and XIV of financial statements.
3	Names of related parties and description of relationship:
a)	Holding Company : Binani Industries Limited
b)	Fellow Subsidiary : Binani Zinc Limited, Goa Glass Fibre Limited, B T Composites Ltd.
c)	Key Management Personnel: Mr. Braj Binani, Mr. P. Sheoran, Mr. S.S.Khandekar (upto 31st January, 2006), Mr. A. Singnapurkar (upto 8th July,2006) and Mr. D. Sundararajan.
d)	Transactions with enterprises where Key Manangement Personnel have got significant influence: (i) Mr. Braj Binani in The Triton Trading Co. Pvt. Limited.

ANNEXURE XIV - STATEMENT OF CONTINGENT LIABILITIES

(Rs. In Millions)

		PARTICULARS	For the period ended 31st December, 2006	For the year ended 31st March, 2006	For the year ended 31st March, 2005	For the year ended 31st March, 2004	For the year ended 31st March, 2003	For the year ended 31st March, 2002
1		Contingent liabilities not provided for in respect of :						
	(i)	Surety executed by the Company to the Bond executed by Binani Industries Limited in favour of Government of India for availing of duty exemption under EPCG scheme for import of Capital goods for its erstwhile Glass Fibre Division.	-	-	31.62	31.62	150.00	150.00
	(ii)	The Company has imported fuel without payment of Customs Duty aggregating to Rs.5.96 millions (Previous Year Rs.5.96 millions) - (excluding applicable interest and penalty thereon) by utilizing transferable DEPB Licenses purchased from the market in the ordinary course of business. The Customs Department has issued several show cause notices alleging that the original purchaser had obtained these licenses fraudulently. The Company has lost the case before Commissioner of Customs, Kandla. The Company is in process of filling fresh appeal before CESTAT and is hopeful of success as the Company is not at fault.	5.96	5.96	12.95	12.27	-	-
	(iii)	Demands raised by Excise Department including relating to dispute on weight of cement bags and Welding electrodes aggregating to Rs.9.74 millions (Previous Year Rs.7.54 millions) - (excluding applicable interest). The Company has filed a writ petition in the H'ble High Court of Rajasthan, Jodhpur in respect of the disputes related to weight of Cement bags. Regarding Welding Electrodes the case was decided by Commissioner (Appeals), Jaipur in favour of the Company. However , the department has filed appeal before CESTAT, Delhi.	9.74	7.54	10.08	10.08	-	-
	(iv)	Demands raised by Customs Department , Jamnagar in relation to import of coal made in earlier years aggregating to Rs.3.06 millions. The Company has filed Appeals before CESTAT, Mumbai. CESTAT Mumbai set aside the order of the Appellate	3.06	-	-	-	-	-

		Commissioner with a direction that the appeal by the department against the Assistant Commissioner's orders should be heard denovo on merits by the Commissioner (Appeals).						

	(v)	Demands raised by Sales Tax Department aggregating to Rs.7.02 millions (Previous year Rs.7.02 millions) contending that the Company has wrongly adjusted sales tax on account of trade discounts. The Company has filed a writ petition before H'ble High Court, Jodhpur and has also obtained an interim relief. Besides, the Sales Tax department has also issued demand notices relating to various matters aggregating to Rs.1.07 millions (Previous year Rs.2.55 millions), which are being contested by the Company, including in appeal and is hopeful of success.	8.09	9.57	7.02	-	-	-
	(vi)	Demands raised by Uttar Pradesh State Government on account of entry tax on cement for the period from 1st April, 2006 to 31st March, 2006 aggregating to Rs.2.38 millions .The Company has paid and accounted the same as advances since a stay order has been obtained, pending disposal. The said tax for the period from 1st April, 2006 to 31st December, 2006 aggregates to Rs.1.66 millions is not provided for on account of the above.	1.66	-	-	-	-	-
	(vii)	Vide public notice under section 40 of The Rajasthan Finance Act, 2006, the Assessing Authority has assessed the tax on land at Rs.9.57 millions (Previous Year Nil). The Company is in the process of contesting the notice on grounds which include incorrect figures relating to area of land etc	9.57	-	-	-	-	-
	(viii)	The Income-tax Department had raised a demand aggregating to Rs.86.25 millions relating to past several years. The CIT (Appeals) had allowed the appeal in favour of the Company. The Department had appealed before the Income Tax Appellate Tribunal (ITAT) against the Order of the CIT (Appeals) which was also dismissed by the ITAT during the previous year .	86.25	86.25	86.25	86.25	86.25	86.25
		The CIT cancelled the above order raising the demand of Rs.86.25 millions u/s 263 of the Income Tax Act 1961 and had directed the Assessing Officer to redo the same, since according to the CIT, the Assessing Officer had ignored to add assessed business loss of the regular assessment of earlier years. The Company has filed appeal before the ITAT challenging the order of CIT.						

	In the meantime, as per the directions of the CIT, the Assessing Officer has redone the assessment and raised a demand of Rs. 384.32 millions. As an abundant caution the Company has also filed appeal before CIT(Appeals) against the order of the Assessing Officer. However as per the order of ITAT dated 28th February, 2007, the ITAT allowed the appeal in favour of the Company, quashing the order u/s 263 of the Income Tax Act, 1961						

							(Rs. In Millions)
	PARTICULARS	**For the period ended 31st December, 2006**		**For the year ended 31st March, 2005**	**For the year ended 31st March, 2004**	**For the year ended 31st March, 2003**	**For the year ended 31st March, 2002**
(ix)	Letter of Credit opened by banks on behalf of the Company	720.31	-	8.80	4.80	9.16	4.01
(x)	Guarantees given by Bank	19.36	3.48	0.08	0.08	-	-
(xi)	Guarantee given to SREI Infrastructure Finance Limited in respect of loan given by them to Goa Glass Fibre Limited .	-	4.00	-	-	-	-
(xii)	Differential Insurance Premium demanded by National Insurance Company Limited on account of Machinery breakdown/ Machinery breakdown loss of profit policy.	23.46	-	-	-	-	-
(xiii)	Arrears of Dividend on 12% Cumulative Redeemable Preference Shares of Rs.1,000.00 Million for the period 28th October, 1998 to 30th August, 1999.(The Board of Directors have recommended declaration of arrear Dividend at its meeting held on 24th April, 2006)	-	-	100.60	100.60	100.60	100.60
(xi)	The Company has opted for Sales Tax Incentive Scheme, 1989. Earlier 25% incentive was allowed by State Level Screening Committee, but pursuant to order of Rajasthan Tax Board, 75% incentive from Sales Tax for sales effected in Rajasthan for 9 years subject to a limit of Eligible Fixed Capital Investment (EFCI) is being availed of. The Company has availed Sales Tax Incentive of Rs. 2,026.70 millions upto 31st March, 2006. The Sales Tax Department filed a revision petition before the Hon'ble Rajsthan High Court, Jodhpur contesting the order of Rajasthan Tax Board, which allowed the Company to avail 75% sales tax	1,332.72	1,332.72	1,043.61	817.67	628.12	469.75

		incentive. The Hon'ble High Court has dismissed the revision petition of Sales Tax Department. The Department has filed a revision petition before Hon'ble Supreme Court. Pending the decision of the Supreme Court, no provision has been made for the differential Sales Tax Incentive of Rs.1,332.72 millions (excluding interest, if any) availed by the Company till 31st March, 2006.						
		However, on introduction of Value Added Tax (VAT) in the State of Rajasthan w.e.f 1st April, 2006, an option has been given to switch over to deferment scheme for twice the remaining validity period as available under the erstwhile Sales Tax Incentive Scheme, 1989 subject to the original limit of EFCI. The Company has exercised this option w.e.f 1st April, 2006 under which 75% of VAT collected and payable after the said date is being deferred for a period of 7 years						

2		Claims against the Company not acknowledged as debts							
	(i)	Quality Claims		1.41	1.34	0.22	0.42	0.55	-
	(ii)	Road tax on Dumpers		2.36	2.36	-	-	2.37	-
	(iii)	Relating to employment		-	-	4.68	3.95	3.72	3.05
	(iv)	Diaputed Sales Tax Demand		-	-	-	0.05	0.09	-
	(v)	Disputed Custom Demand		-	-	-	1.21	0.27	0.24

ANNEXURE XV - STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

Particulars	For the period from 1st April, 2006 to 31st December,	Year Ended 31st March,				
	2006	2006	2005	2004	2003	2002
Earnings per share (Rs.)	3.45	2.55	0.09	0.16	0.01	0.12
Net Asset value per share (Rs.)	15.27	11.82	10.27	10.17	6.79	6.72
Return on Net Worth (%)	22.61	21.57	0.92	1.57	0.11	1.80
Weighted average number of equity shares in the period (in Nos.)	203101274	203101274	217067708	217067708	320269786.9	422907920

Notes:

1. Earnings per share = Net profit attributable to equity shareholders, as restated / Weighted average number of equity shares outstanding during the year

2. Net Asset Value per share = Net Worth excluding revaluation reserve at the end of the period/year / Weighted average number of equity shares outstanding during the year

3. Return on Net Worth (%) = Net profit attributable to equity shareholders / Net Worth excluding revaluation reserve at the end of the year x 100

4. Net Profit attributable to equity shareholders is as per the restated amount (Refer Annexure I (a)).

5. Arrears of dividend on 12% Cumulative Redeemable Preference Shares aggregating to Rs. 100.60 millions have not been considered in Net Asset Value per share for the year ended up to 31st March, 2005.

ANNEXURE XVI - TAX SHELTER STATEMENT

(Rs. in Millions)

Particulars	For the period from 1st April,2006 to 31st December, 2006 (Refer note (i) below)	For the year ended 31st March, 2006	For the year ended 31st March, 2005	For the year ended 31st March, 2004	For the year ended 31st March, 2003	For the year ended 31st March, 2002
Tax Rate(including surcharge and education cess)	33.66%	33.66%	36.59%	35.88%	36.75%	35.70%
Net Profit before tax as restated	1,097.48	567.91	22.27	37.56	2.28	51.06
Tax at Notional Rate (A)	369.41	191.16	8.15	13.47	0.84	18.23
Book Depreciation	323.63	429.06	420.04	412.84	405.88	394.76
Tax Depreciation	237.43	360.33	656.11	768.20	945.30	1,242.04
Difference between tax and book depreciation (B)	86.20	68.73	(236.07)	(355.36)	(539.42)	(847.28)
Other adjustments (C)	4.09	22.10	(30.08)	18.58	(517.28)	404.98
Net adjustment (B+C)	90.29	90.83	(266.15)	(336.78)	(1,056.70)	(442.30)
Tax Saving thereon	(30.39)	(30.57)	97.39	120.82	388.34	157.90
Profit / (Loss) as per Income tax return	1,187.77	671.57	(116.31)	(302.27)	(1,055.66)	(391.24)
Less: Set off of brought forward unabsorbed depreciation	(1,187.77)	(671.57)	-	-	-	-
Taxable Income as per Tax return under MAT	1,095.23	578.25	69.96	44.77	10.32	61.32
Tax as per Income Tax return (MAT)	122.89	48.66	5.49	3.44	-	-
Tax on restated profits under MAT and Deferred Tax (D)	393.89	47.58	1.75	2.89	-	-
Tax provision made in books (MATand Deferred Tax) (E)	393.89	48.66	5.49	3.44	-	-
Current tax impact of adjustments (D-E)	-	(1.08)	(3.74)	(0.55)	-	-

Note:

(i) Tax working and Tax Provision on the net profit has been calculated considering the profit earned during the period 1st April, 2006 to 31st December, 2006, which will be adjusted based on the profits for the year ended 31st March, 2007 relevant to Assessment Year 2007-08.

ANNEXURE XVII - CAPITALISATION STATEMENT, AS RESTATED		
		(Rs. In Millions)
Capitalisation Statement	**Pre issue as at 31st December, 2006**	**Post issue as at 31st December, 2006**
Borrowings		
Short term Borrowings	**575.59**	**575.59**
Long term Borrowings	**6,186.37**	**6,186.37**
Total Debt	**6,761.96**	**6,761.96**
Share Holders Fund		
Share Capital	**2,031.04**	**2,031.04**
Reserves & Surplus	**1,070.97**	**1,070.97**
Total Share Holders Fund	**3,102.01**	**3,102.01**
Total Capitalization		
Long Term Debt/ Equity ratio	**1.99**	**1.99**
Total Debt / Equity ratio	**2.18**	**2.18**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The investor should read the following discussion and analysis of the Company's financial condition and results of operations together with its financial statements included in this Prospectus. The investor should also read the section titled "Risk Factors" beginning on page x of this Prospectus, which discusses a number of factors and contingencies that could impact Company's financial condition and results of operations. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines and restated as described in Auditor's report of Deloitte Haskins & Sells dated April 4, 2007.

The following discussion is based on the Company's restated financial statements for the years ended March 31, 2002; March 31, 2003; March 31, 2004; March 31, 2005, March 31, 2006 and first 9 months of fiscal 2007 which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (DIP) Guidelines and on information available from other sources. The Company's financial year ends on March 31 each year, so all references to a particular year are to the twelve-month period ended on March 31 of that year.

The Directors confirm that there have been no events or circumstances since the date of the last financial statements which materially and adversely affect or are likely to affect the profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

Overview

The Company is a leading Indian cement manufacturer focused on the key markets of states in northern India and Gujarat in western India. The Company is one of the leading players in Rajasthan with a market share of 13% as on June 30, 2006 in the state. (Source: Crisil Research and CMA dated September 27, 2006) The Company also has significant presence in Gujarat, Haryana and Delhi markets. The Company has facilities for manufacture of 2.25 MTPA of cement along with 25 MW coal/lignite based captive power plant at Sirohi, Rajasthan. The Company only manufactures OPC and PPC, with an OPC: PPC product mix of about 71:29 in fiscal 2005, 63:37 for fiscal 2006 and 51:49 in fiscal 2007.

The Company is the flagship company of the Binani group, promoted by Mr. Braj Binani. The group has multiple products and is located across India with interests in cement, zinc and glass fibre.

The Sirohi facility was set up with the support of Denmark based F.L. Smidth and Larsen and Toubro Ltd. in India, and was completed within 19 months from the effective date of the order for main plant & machinery. The Company is certified as ISO9001, ISO14001 and OHSAS18001 compliant.

The Company has two limestone mines, located at Amli and Thandiberi which are located at a distance of 2 Km and 7 Km from the Sirohi plant respectively. The mines are leased to the Company by the Gvernment of Rajasthan for a period of 20 years expiring on 2015. As per the report of Holtec Consulting Private Limited ("Holtec Consulting"), these mines have proven reserves of up to 195 million tonnes as on April 1, 2005.

The Company's cement is marketed under the brand name of "Binani", which over the last 9 years, has established significant brand presence especially in the Rajasthan and Gujarat markets.

Strong operational parameters coupled with the Company's presence in the robust North India market have contributed to a better financial performance of the Company.

In September 2005, J.PMorgan Special Situations Asia Corporation, a wholly owned subsidiary of JPMorgan Chase and Co., through its investment subsidiary – JPMSSM, acquired an equity stake in the Company by purchasing equity from BIL for Rs. 1.2 billion and it currently holds 25% of the equity share capital of the Company. JPMorgan Special Situations Asia Corporation has also extended a term loan of Rs. 1.3 billion to the Company through its Indian affiliate, J.P. Morgan Securities India Private Limited ("JPMSIPL") towards part-financing the Company's expansion project. As of April 2, 2007, the term loan of Rs. 1.3 billion has been re-financed by JPMorgan Chase Bank N.A., Mumbai, on similar terms and conditions.

In July 2006, Ganesha Prime Holdings (Mauritius) Limited, a wholly owned subsidiary of Credit Suisse Private Equity Partners Asia, L.P acquired an equity stake in the Company by purchasing 20,500,000 Equity Shares from BIL for Rs.1.5 billion at Rs. 73 per Equity Share and it currently holds (along with its affiliate) 10.09% of the equity share capital of the Company.

The Company's Net Sales has grown at a CAGR of over 10.1% during fiscal 2003 to fiscal 2006. During this period the cement production has increased at a CAGR of over 3.1%. Revenue from PPC increased at a CAGR of over 32% during fiscal 2003 to fiscal 2006. In fiscal 2006 PPC formed 37.5 % of net sales while OPC was the rest with 62.5% of net sales. The net sales for the nine months ended December 31, 2006 increased by 42.4 % as compared to the nine months ended December 31, 2005.

Key Factors affecting operations of the Company

There are several factors which may affect the Company's operations. Some of the most important factors are given below:

- *Demand for cement:* The demand for cement in a large way is dependent on housing and construction industry and other Infrastructure related projects undertaken by the government.

- *Competition and prices:* The competition from domestic cement producers many of whom are expanding capacities may lower the market price of cement in future.

- *Raw Materials:* Cost of raw material primarily coal which is imported from many countries is very volatile.

- *Taxation*: The Government of India may from time to time implement new policies using economic or administrative means to regulate the cement industry. Examples of such measures include imposing import restrictions and customs duties on imported cement, granting tax concessions for setting up new manufacturing plants, allocating GoI and Sate Government funding for public infrastructure programs in Northern India and providing preferential coal prices to cement manufacturers. In particular, policies related to tax rates and incentives have had a material impact on the cement industry in the past. Cement in India is a highly taxed commodity with various taxes and levies comprising a significant portion of the end-user price. The key levies on cement are excise duty and sales tax or value added tax.

- *Seasonality:* Demand for cement is seasonal as climatic conditions, particularly the monsoon, affect the level of activity in the construction industry. As a result, the industry usually experiences a reduction in sales of cement during the quarter ending September 30, and somewhat stronger sales in the quarter ending March 31 when the weather is dry.

Significant Accounting Policies

Basis of Accounting
The financial statements have been prepared under the historical cost convention in accordance with accounting principles generally accepted in India and the provisions of the Companies Act, 1956

Use of Estimates
The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.Differences between actual results and estimates are recognised in the period in which the results are known/materialise.

Revenue Recognition
Sales are recognised on transfer of title to the goods to the customers.

Fixed Assets
'Fixed Assets are stated at cost, net of Cenvat. Costs include trial run and stabilisation expenses, interest, finance costs and incidental expenses upto the date of capitalisation and adjustments arising from exchange rate variation relating to borrowings attributable to the Fixed Assets acquired from outside India.

Assets taken on Lease (Hire Purchase)
Assets taken on finance lease (including on hire purchase) on or after 1st April, 2001 are accounted in accordance with Accounting Standard 19 on Leases, issued by The Institute of Chartered Accountants of India (ICAI). Lease payments are apportioned between finance charges and reduction of outstanding liabilities

Depreciation and Amortisation
Depreciation on Plant and Machinery is provided on Straight Line Method, at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

Depreciation on other Fixed Assets has been provided on Written Down Value Method at the rates and in the manner prescribed as per Schedule XIV of the Companies Act, 1956 including asset constructed on land not owned by the Company

The total expenditure on mine exploration and development is amortised in the ratio of ore extracted to the total estimated exploitable reserves.

Depreciation on Leasehold Land is provided over the period of Lease.

Impairment of Assets
At the end of each accounting period, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets" issued by the ICAI. An impairment loss is charged to the Profit and Loss account in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

Valuation of Inventories
Raw Material is valued at lower of weighted average cost (net of Cenvat) and net realisable value. Coal (except for quantities lying at Port), Packing Material and Stores and Spares are valued at weighted average cost (net of Cenvat). Coal lying at Port is valued on specific consignment basis.

Work – in – process is valued at cost.

Finished Goods have been valued at lower of Cost and Net Realisable Value. Cost for this purpose includes direct cost, attributable overheads and excise duty.

Investments
Investments classified as long term investments are stated at cost. Provision is made to recognise any diminution other than temporary in the value of such investments . Current Investments are carried at lower of cost and fair value.

Foreign Exchange Transactions
Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be, except where they relate to fixed assets where they are adjusted to the cost of fixed assets.

Any premium or discount arising at the inception of the forward exchange contract is recognized as income or expense over the life of the contract, except in the case where the contract is in connection with purchase of fixed asset, where the same is adjusted to the cost of fixed assets. Exchange difference on a forward exchange contract is the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting/settlement date and the said amount translated at the later date of inception of the contract/last reporting date.

Retirement Benefits
The Provident Fund Scheme is a defined contribution plan for which the contribution accruing during each period / year as per the scheme is expensed. The Gratuity Scheme is a defined benefit plan which is funded with the LIC, provision being made on the basis of premium demanded by LIC. The Company also ascertains the liability towards gratuity at the year-end based on actuarial valuation and provision for the differential amount between the Fund balance and liability determined in actuarial valuation is also made in the books of account. Provision is made towards liability for Leave Encashment on the basis of balance leave of eligible employees as at the end of the period, in accordance with the Company's policy.

Borrowing cost
Borrowing costs which are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Income Tax
Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax and Deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income",

(AS 22) issued by the ICAI. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities, using the applicable tax rates. Deferred income taxes reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Fringe benefits tax is recognized in accordance with the relevant provisions of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by the ICAI.

Contingent Liability

These, if any, are disclosed in the notes on accounts. Provision is made in the accounts if it becomes probable that an out flow of resources embodying economic benefits will be required to settle the obligation

Other Matters

1. The Scheme of Arrangement between the Company and Daisy Commercials Private Limited (DCPL) and their respective shareholders under section 391 and 394 of the Companies Act, 1956 for transfer of the investment division of the Company, consisting of investments/application money for investments in various unlisted companies aggregating to Rs. 231.62 millions, to DCPL with effect from 1st April, 2005, was approved by the shareholders on 15th July, 2005 and by the Hon'ble High Court at Kolkata by its Order dated 17th August, 2005. Certified copy of the said Order was filed with the Registrar of Companies on 6th September, 2005.

   In accordance with the terms of the said Scheme, the Company transferred the aforesaid investment division to DCPL on 29th September, 2005 against which DCPL has allotted 1,39,66,434 Equity Shares of Rs. 10/- each credited as fully paid-up aggregating to Rs. 139.66 millions to the shareholders of the Company based on the option forms received by DCPL from the shareholders. On allotment of the aforesaid shares by DCPL, 1,39,66,434 Equity Shares of Rs.10/- each fully paid-up of the Company held by such shareholders stand cancelled and the paid-up Share Capital of the Company is accordingly reduced to Rs. 2031.01 millions divided into 20,31,01,274 Equity Shares of Rs. 10/- each fully paid-up. The difference of Rs. 91.95 millions, has been adjusted against the balance in the Profit and Loss Account in accordance with the terms of the Scheme.

   The approval to the said Scheme has been received from one of the Financial Institutions, while that of the one other Institution and Bank are awaited. However, the loans of the Financial Institutions and the Bank have been repaid and there are no outstandings as at the period end.

2. Due to a breakdown in the cooling tower attached to the captive power plant (CPP), the CPP was not in operation during the period from 4th August, 2005 to 30th September, 2005. As a result, power was drawn from the Jodhpur Vidyut Vitran Nigam Limited's grid during the said period. However, due to the load restrictions in the grid, which were particularly severe during the period from 30th August, 2005 to 8th September, 2005, production of cement was adversely effected. The Company has lodged claims for machinery breakdown for Rs.8.08 millions and for loss of profit due to the breakdown for Rs.85.70 millions with the National Insurance Company Limited (NICL), which has not been settled by NICL.

   The Company is exploring various options, including legal, to proceed in the matter. The accounting for the said claim will be done in the period of settlement thereof.

Financial Restructuring

In fiscal 2005, the Promoter BIL underwent financial restructuring. As per the Restructuring package granted by IDBI and IIBI, an amount of Rs. 1100 million was transferred from BIL to the Company duly rescheduling the installment and re-fixing of interest rate. Consequent to the transfer of loans, a financial restructuring package was granted by IDBI to the Company also from October 1, 2004. Loans availed from lenders other than IDBI were subsequently refinanced through the issue of non-convertible debentures to UTI Bank. The loan of IIBI, which was transferred from BIL to the Company as per the restructuring package, was prepaid at principal plus 31% of FITL in March 2006.

The following table provides the debt outstanding as of December 31, 2006, for the existing operations, including the amount transferred from BIL to the Company but excluding the loans taken for the expansion project:

Rs in Million

Lenders	Loan Outstanding	Interest Rate
IDBI	3426.83	7.71
UTI Bank	700.00	9.50
Total	**4126.83**	**8.01**

Effective April 1, 2000, vide a Scheme of Arrangement under section 391 of the Companies Act, 1956, MHL, an erstwhile listed company on the Delhi Stock Exchange merged with the Company. In the merger process, the Company acquired investments to the tune of Rs. 231.6 million from MHL.

Vide a Scheme of Arrangement under section 391 of the Companies Act, 1956 approved by the High Court of Calcutta vide order dated August 17, 2005, the investment division of the Company was hived-off into a separate company viz. Daisy Commercials Private Limited effective from April 1, 2005.

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to the Company's revenues, expenditures and profits, as a percentage of total revenues, for the periods indicated.

Rs. in million

			For the year ended March 31,			
Particulars	**9 months ended December 31,2006**	**9 months ended December 31,2005**	**2006**	**2005**	**2004**	**2003**
Revenue						
O P C	**2,730**	**2,187**	**3,054**	3,099	2901	3058
% of Net Sales	**55.3%**	**63.1%**	**62.5%**	*70.7%*	*77.4%*	*83.5%*
P P C	**2,205**	**1,278**	**1,831**	1,281	847	604
% of Net Sales	**44.7%**	**36.9%**	**37.5%**	*29.2%*	*22.6%*	*16.5%*
Total Sales	**5,665**	**4,175**	**5,840**	**5,290**	**4,627**	**4,411**
Less : Excise Duty	730	**709**	956	908	877	748
Net Sales	**4,935**	**3,466**	**4,884**	**4,382**	**3,750**	**3,663**
Other Income	**29**	**24**	48	19	41	31
% of Net Sales	**0.6%**	**0.7%**	1%	*0.4%*	1.1%	*0.8%*
Expenditure						
Raw Material and packing material Consumed	624	**511**	729	673	468	452
% of Net Sales	**12.6%**	**14.7%**	14.9%	15.4%	12.5%	12.3%
Power	**407**	**387**	486	412	345	352
% of Net Sales	**8.2%**	**11.1%**	9.9%	9.4%	9.2%	9.6%
Fuel	**667**	**683**	889	867	634	609
% of Net Sales	**13.5%**	**19.7%**	18.2%	19.8%	16.9%	16.6%
Employee Cost	144	**103**	151	136	132	122
% of Net Sales	**2.9%**	**3.0%**	3.1%	3.1%	3.5%	3.3%
Selling and Distribution Expenses	**1,136**	**643**	910	880	840	819
% of Net Sales	**23.0%**	**18.5%**	18.6%	20.1%	22.4%	22.4%
Interest	241	**249**	342	523	560	563
% of Net Sales	**4.9%**	**7.2%**	7%	11.9%	14.9%	15.4%
Total Expenditure	**3,866**	**3,186**	**4,352**	**4,331**	**3,746**	**3,683**
EBIDTA	**1,662**	**874**	1,344	**1,017**	1,011	980
% of Net Sales	**33.7%**	**25%**	27.5%	23.2%	27%	26.7%
PAT (As Restated)	**701**	**276**	**518**	**21**	**35**	**2**
% of Net Sales	**14.2%**	**8%**	10.6%	0.5%	0.9%	0.1%

COMPONENTS OF REVENUE AND EXPENDITURE

Revenues

The Company's total income consists primarily of revenues from sales operations and other income. The Company's sales income principally consists of sales of cement produced by the Company. The Company has other additional sources of income, which include scrap sales, interest income, insurance claim, income from inadvertent flow of power to RPPC, exchange rate fluctuation, interest and other miscellenous income.

Expenditure

The Company's operating expenditure consists of (i) costs of raw material and packaging material, (ii) power; (iii) fuel expenses; (iv) employee remuneration and benefits, (v) selling and distribution expenses, and (vi) interest

Costs of raw material and packaging material: Costs of raw material and packaging material include the costs of mining limestone (the primary raw material for production of cement), packaging material, silica, gypsum, flyash and royalty paid to government on the limestone used.

Power costs include variable cost of producing power in the captive power plant as stated in Form A annexed to the annual report of the Company and cost of power purchased from the state grid.

Fuel expenses include cost of fuel viz. coal, lignite, petcoke, alternate fuel and diesel.

Employee remuneration and benefits include salaries, wages and performance bonus payments to the employees of the Company, (ii) contributions made to provident, gratuity, superannuation funds and other funds and (iii) expenses relating to staff welfare.

Selling and distribution expenses include freight, advertisement and sales promotion and commission paid to the selling agents.

Interest comprises interest paid on the borrowings and bank charges.

For the period ending December 31, 2006 compared to period ended December 31, 2005

Revenues

Total Sales: The total sales increased by 35.7% from Rs. 4,175 million for the nine months ended December 31, 2005 to Rs 5,665 million for the nine months ended December 31 , 2006 due to increase in volume and sales realization. While the Company sold 1.1 million tonnes and 0.64 million tonnes of OPC and PPC respectively for the nine months ended December 31, 2005, it sold 1.0 million tonnes and 0.80 million tonnes of OPC and PPC respectively for the nine months ended December 31, 2006.

Other Income: The other income of the Company increased by 20.8% from Rs. 24 million for the nine months ended December 31, 2005 to Rs. 29 million for the nine months ended December 31, 2006. The increase was primarily due to increase in interest income and increase in income due to sale of surplus power to RPPC.

Excise Duty: Excise duty paid increased by 3.0% from Rs. 709 million for the nine months ended December 31, 2005 to Rs. 731 million for the nine months ended December 31, 2006 due to increase in volume of products sold.

Net Sales: The net sales increased by 42.4% from Rs. 3,466 million for the nine months ended December 31, 2005 to Rs. 4,935 million for the nine months ended December 31, 2006. The increase was primarily due to higher net realization for both OPC & PPC products and increase in volume of products sold. The average sale price (net of sales tax, excise and discounts) of OPC and PPC was Rs. 1994 per tonne for the nine months ended December 31, 2005 as compared to Rs. 2754 per tonne for the nine months ended December 31, 2006. The Company has been successful in increasing its share in the net sales of PPC based products from 37% for the nine months ended December31, 2005 to 45% for the nine months ended December 31, 2006.

PAT (as restated): The PAT for the nine months ended December 31, 2006 was higher at Rs. 701 million as compared to Rs. 276 million for the nine months ended December 31, 2005. The increase, which was partly offset due to higher tax incidence, was mainly due to higher sales realization and increase in volume of goods sold.

Expenditure:

Raw Materials and Packing material: Expenditure on raw materials increased by 22.1% from Rs. 511 million for the nine months ended December 31, 2005 to Rs. 624 million for the nine months ended December 31 , 2006 on account of increase in volume of good produced.

Power: Power costs increased by 5.2% from Rs. 387 million for the nine months ended December 31, 2005 to Rs. 407 million for the nine months ended December 31 , 2006 due to increased production.

Fuel: Fuel costs decreased by 2.3% from Rs. 683 million for the nine months ended December 31, 2005 to Rs. 667 million for the nine months ended December 31, 2006 due to reduction in input costs.

Employee Cost: The expenditure on salary and wages increased by 39.8% from Rs. 103 million for the nine months ended December 31, 2005 to Rs 144 million for the nine months ended December 31, 2006 due to payment of one time employee benefits granted during the year and annual increases effected in the salaries

Selling and Distribution Expenses The selling and distribution Expenses which include freight, advertisement and sales promotions and commission to selling agents have increased by 76.7 % from Rs. 643 million for the nine months ended December 31, 2005 to Rs 1,136 million for the nine months ended December 31, 2006. The increase is on account of escalation in freight cost as well as change in the invoicing of the freight component of sales pursuant to the implementation of VAT effective April 1, 2006. A corresponding increase due to the change in invoicing is also reflected in the revenues of the Company.

Interest and Finance Cost: The interest and finance cost declined by 3.2% from Rs. 249 million for the nine months ended December 31, 2005 to Rs. 241 million for the nine months ended December 31, 2006. The decrease was on account of loan repayments.

Total expenditure: For the reasons described above, the total expenditure increased by 21.3% from Rs. 3,186 million for the nine months ended December 31, 2005 to Rs. 3,866 million for the nine months ended December 31, 2006.

For the year ending March 31, 2006 compared to year ended March 31, 2005

Revenues

Total Sales: The total sales increased by 10.4% from Rs. 5,290 million in fiscal 2005 to Rs 5,840 million in fiscal 2006 due to increase in volume of products sold and better sales realisation. While the Company sold 1.47 million tonnes and 0.87 million tonnes of OPC and PPC respectively in the fiscal 2006, it sold 1.6 million tonnes and 0.64 million tonnes of OPC and PPC respectively in fiscal 2005.

Other Income: The other income of the Company increased by 153% from Rs. 19 million in fiscal 2005 to Rs. 48 million in fiscal 2006. The increase was primarily due to increase in interest income, write back of interest and on account of higher power exported to the state grid.

Excise Duty: Excise duty paid increased by 5.28% from Rs. 908 million in fiscal 2005 to Rs. 956 million in the fiscal 2006 due to increase in volumes.

Net Sales: The net sales increased by 11.46% from Rs. 4,382 million in fiscal 2005 to Rs. 4,884 million in fiscal 2006. The increase was primarily due to higher sales realization of OPC and PPC and increased volume. The average sale price of OPC and PPC (net of sales tax, excise and discount) was Rs.1957 per tonne in fiscal 2005 as compared to Rs. 2,085 per tonne in fiscal 2006. The Company has been successful in increasing its share in the net sales of PPC based products from 29% in fiscal 2005 to 37% in fiscal 2006.

PAT(as restated): The PAT for fiscal 2006 was higher at Rs. 518 million as compared to Rs. 21 million in fiscal 2005. The increase was mainly due to reduction in interest outflow and higher net realisations and increase in goods sold.

Expenditure:

Raw Materials and Packing material: Expenditure on raw materials increased by 8.3% from Rs. 673 million in fiscal 2005 to Rs. 729 million in fiscal 2006 on account of increased production and increase in royalty with effect from October 14,2004.

Power: Power costs increased by 18% from Rs.412 million in fiscal 2005 to Rs.486million in fiscal 2006 due to increase coal and lignite prices as well as a temporary shutdown in the captive power plant and consequent purchase of higher cost power from the state grid and levy of electricity duty on captive power produced.

Fuel: Fuel costs increased by 2.5 % from Rs.867 million in fiscal 2005 to Rs.889 million in fiscal 2006 due to increase in input costs and increase in volume.

Employee Cost: The expenditure on salary and wages increased by 11.03% from Rs. 136 million in fiscal 2005 to Rs 151 million in fiscal 2006 due to annual increments.

Selling and Distribution Expenses The selling and distribution Expenses which include freight, advertisement and sales promotions and commission to selling agents have increased by 3.4% from Rs.880 million in fiscal 2005 to Rs.910 million in fiscal 2006. The increase is on account of increase in volume and freight costs.

Interest and Finance Cost: The interest and finance cost declined by 34.6% from Rs.523 million in fiscal 2005 to Rs.342 million in fiscal 2006. The decrease was on account of reduction in interest rates.

Total expenditure: For the reasons described above, the total expenditure increased marginally by 0.5% from Rs. 4,331 million in fiscal 2005 to Rs.4,352 million in fiscal 2006.

For the year ending March 31, 2005 compared to year ended March 31, 2004

Revenues

Total Sales: The total sales increased by 14.3% from Rs. 4,627 million in fiscal, 2004 to Rs 5,290 million in fiscal 2005 due to an increase in sales of PPC. While the Company sold 1.6 million tonnes and 0.64 million tonnes of OPC and PPC respectively in fiscal 2005, it sold 1.72 million tonnes and 0.47 million tonnes of OPC and PPC respectively in fiscal 2004.

Other Income: The other income of the Company decreased by 53.7% from Rs. 41 million in fiscal 2004 to Rs. 19 million in fiscal 2005. The decrease was primarily due to gain on account of exchange fluctuation and write back of liability no longer required given effect in fiscal 2004.

Excise Duty: Excise duty paid increased by 4% from Rs. 877 million in fiscal 2004 to Rs. 908 million in fiscal 2005 due to increased sales volumes and levy of education cess of 2% with effect from. July 09, 2004.

Net Sales: The net sales increased by 16.8% from Rs. 3,750 million in fiscal 2004 to Rs. 4,382 million in fiscal 2005. The increase was primarily due to general increase in cement price, increase in sales volume and higher share of PPC cement which grew at 36% in fiscal 2005 compared to the previous year. The average sale price of OPC and PPC (net of sales tax, excise and discount) was Rs.1712 per tonne in fiscal 2004 as compared to Rs.1957 per tonne in fiscal 2005. Increased share of PPC has contributed towards higher volume as compared to the previous year. The Company has been successful in increasing its share in the net sales of PPC based products from 22% in fiscal 2004 to 29% in fiscal 2005.

PAT (as restated): The PAT for fiscal 2005 was lower at Rs. 21 million as compared to Rs. 35 million in fiscal 2004. The reduction was mainly due to increase in interest cost.

Expenditure:

Raw Materials and Packing material: Expenditure on raw materials increased by 44% from Rs. 468 million in fiscal 2004 to Rs. 673 million in fiscal 2005 on account of an increase in production, increase in the royalty on limestone, higher consumption of fly ash and general increase in other raw material cost.

Power: Power costs increased by 19.4% from Rs. 345 million in fiscal 2004 to Rs. 412 million in fiscal 2005 due to increased production levels and increase in price of coal / lignite which is used as a raw material in the thermal power plant.

Fuel: Fuel costs increased by 36.8% from Rs. 634 million in fiscal 2004 to Rs. 867 million in fiscal 2005. The increase was more than the increase in production as a result of increases in prices for coal, pet coke / lignite compared to the prior period.

Employee Cost: The expenditure on salary and wages increased marginally by 3% from Rs. 132 million in fiscal 2004 to Rs 136 million in fiscal 2005 due to the effect of annual increases in salaries.

Selling and Distribution Expenses The selling and distribution Expenses which include freight, advertisement and sales promotions and commission to selling agents have increased by 4.8% from Rs. 840 million in fiscal 2004 to Rs 880 million in fiscal 2005. .The increase is on account of higher sale quantity and increase in freight rate

Interest and Finance Cost: Due to reduction in interest rates finance cost decreased by 6.6% from Rs.560million in fiscal 2004 to Rs.523 million in fiscal 2005.

Total expenditure: For the reasons described above, the total expenditure increased by 15.6% from Rs. 3,746 million in fiscal2004 to Rs.4,331 million in fiscal2005.

For the year ending March 31, 2004 compared to year ended March 31, 2003

Revenues

Total Sales: The total sales increased by 4.9% from Rs. 4,411 million in fiscal, 2003 to Rs 4,627 million in fiscal 2004 due to an increase in sales of PPC. While the Company sold 1.72 million tonnes and 0.47 million tonnes of OPC and PPC respectively in fiscal 2004, it sold 1.77 million tonnes and 0.34 million tonnes of OPC and PPC respectively in fiscal 2003.

Other Income: The other income of the Company increased by 32.3% from Rs. 31 million in fiscal 2003 to Rs. 41 million in fiscal 2004. The increase was primarily due to exchange rate fluctuations. .

Excise Duty: The excise duty paid increased by 17.2% from Rs. 748 million in fiscal 2003 to Rs. 877 million in fiscal 2004 due to increased sales volumes and increase in ED from Rs. 350 per tonne to Rs. 400 per tonne with effect from 1st March 2003.

Net Sales: The net sales increased by 2.4% from Rs. 3,663 million in fiscal 2003 as compared to Rs. 3,750 million in fiscal 2004. The increase is on account of increase in sales volume. The average sale price of OPC and PPC (net of sales tax, excise and discount) was Rs.1712 per tonne in fiscal 2004 compared to Rs. 1736 per tonne in fiscal 2003. The Company has been successful in increasing the share in net sales of PPC based product from 16.5% in fiscal 2003 to 22.6% in fiscal 2004.

PAT (as restated): The PAT for fiscal 2004 was higher at Rs. 35 million as compared to Rs. 2 million in fiscal 2003. The increase was due to increase in sales volume and high operational efficiencies.

Expenditure:

Raw Materials and Packing material: Expenditure on raw materials increased by 3.5% from Rs. 452 million in fiscal 2003 to Rs. 468 million in fiscal 2004 on account of increased production and increase in prices of other raw materials.

Power: Power costs decreased by 2.0% from Rs. 352 million in fiscal 2003 to Rs. 345 million in fiscal2004 primarily due to reduction in specific consumption of power from 78.26 to 77.08 kWh / tonne and use of lignite along with coal.

Fuel: Fuel costs increased by 4.1% from Rs. 609 million in fiscal 2003 to Rs. 634 million in fiscal 2004. The increase was more than the increase in production as a result of increases in prices for coal. Use of alternate fuels has kept the rising fuel cost under check.

Employee Cost: Expenditure on salary and wages increased by 8.2% from Rs. 122 million in fiscal 2003 to Rs 132 million in fiscal 2004 due to the effects of annual increases in salaries.

The Selling and Distribution Expense: The expenses on selling and distribution increased by 2.5% from Rs. 819 million in fiscal 2003 as compared to Rs 840 million in fiscal 2004. The increase is on account of increase in freight cost.

Interest and Finance Cost: Finance cost decreased marginally by 0.5% to Rs. 560 million in fiscal 2004 from Rs.563 million in fiscal 2003.

Total expenditure: For the reasons described above, the total expenditure increased by 1.71% from Rs. 3,683 million in fiscal2003 to Rs. 3,746 million in fiscal 2004.

CASH FLOWS

(Rs. in million)

			For the year ended March 31,			
	Nine months ended December 31**, 2006**	**Nine months ended December 31, 2005**	**2006**	**2005**	**2004**	**2003**
Net Cash from operating activities	1,633.05	771.28	1,293.02	1,372.27	873.00	1018.95
Net Cash used in investing activities	(2,845.43)	48.18	(355.67)	(1,450.77)	(573.73)	(753.95)

	Nine months ended December 31, 2006	Nine months ended December 31, 2005	2006	2005	2004	2003
Net Cash used in financing activities	794.60	(416.85)	2.10	78.43	(357.42)	(283.53)
Cash and cash equivalents at the beginning	1027.59	88.14	88.14	88.21	146.36	164.89
Cash and cash equivalents at the end	609.80	490.75	1,027.59	88.14	88.21	146.36
Total increase (decrease) in cash and cash equivalents	**(417.79)**	**402.61**	**939.45**	**(0.07)**	**(58.15)**	**(18.53)**

Net cash from operations

The net cash generated from operations was Rs. 1,633.05 million during the nine months ended December 31, 2006 and was higher than the corresponding amount during the nine months ended December 31, 2005, which amounted to Rs. 771.28 million. The increase in net cash generated from operations for the nine months ended December 31, 2006 was primarily due to higher net profit recorded in the first nine months of fiscal 2007.

The net cash generated from operations was Rs. 1,293 million in fiscal 2006 and was lower than the corresponding amount for fiscal 2005, which amounted to Rs. 1,372 million. The decrease in net cash generated from operations for fiscal 2006 was primarily due to reduction in trade and other payables.

The net cash generated from operations was Rs. 1,372 million in fiscal 2005 and was higher than the corresponding amount for fiscal 2004, which amounted to Rs. 873 million. The increase in net cash generated from operations for fiscal 2005 was primarily due to increase in trade and other payables.

The net cash generated from operations was Rs. 873 million in fiscal 2004 and was lower than the corresponding amount for fiscal 2003, which amounted to Rs. 1,019 million. The decrease in net cash generated from operations for fiscal 2004 was primarily due to reduction in trade and other payables.

Net cash used in or generated by the investing activities

The net cash used in investing activities was Rs. 2,845 million for the nine months ended December 31, 2006 which was higher than the Rs. 48 million received in the nine months ended December 31, 2005. The increase in net cash used for investing activities for fiscal 2006 was primarily due to capital expenditure for the expansion project.

The net cash used in investing activities was Rs. 356 million in fiscal 2006 which was lower than the Rs. 1,451 million used in fiscal 2005. The decrease in net cash used for investing activities for fiscal 2006 was primarily due to repayment of advances by BIL.

The net cash used in the investing activities was Rs. 1,451 million in fiscal 2005 which was higher than the Rs. 574 million used in fiscal 2004. The increase in net cash used for investing activities for fiscal 2005 was primarily due to increase in advances as a result of transfer of loans under the financial restructuring of BIL.

The net cash used in the investing activities was Rs. 574 million in fiscal 2004 which was lower than the Rs. 754 million used in fiscal 2003. The decrease in net cash used for investing activities for fiscal 2004 was primarily due to decrease in advances and higher investment in fixed assets.

Net cash used in/generated by financing activities

The Company's net cash from financing activities is determined by the level of principal and interest payments on the Company's outstanding debt.

For the nine months ended December 31, 2006, net cash flow from financing activities amounted to Rs. 794 million, which reflects mainly proceeds from long term borrowings of Rs. 1,309 million, repayment of term loans amounting to Rs. 256 million and payment of interest and financial charges of Rs. 390 million.

In fiscal 2006, net cash generated in the financing activities amounted to Rs. 2 million, which reflects mainly proceeds from long term borrowings of Rs. 1,560 million, repayment of term loans amounting to Rs. 1,121 million and payment of interest and financial charges of Rs. 406million.

In fiscal 2005, net cash generated in the financing activities amounted to Rs. 78million, which reflects mainly proceeds from long term borrowings of Rs. 1,155 million, repayment of term loans amounting to Rs. 374million and payment of interest and financial charges of Rs. 603million.

In fiscal 2004, net cash generated from the financing activities amounted to Rs. 357 million, which reflects mainly proceeds from long term borrowings of Rs. 42 million, repayment of term loans amounting to Rs. 42million and payment of interest and financial charges of Rs. 446 million.

REVIEW OF ASSETS AND LIABILITIES

Fixed Assets

Fixed assets (gross block) including Capital work in progress increased to Rs. 9,184 million as on December 31, 2006 from Rs. 5,643 million as on December 31, 2005. The increase was primarily on account of capital expenditure on the expansion project. For further details in relation to the expansion project, please refer to the section "Business –Expansion Plans" on page 57 of this Prospectus.

Fixed assets (gross block) including Capital work in progress increased to Rs. 9,040 million as on March 31, 2006 from Rs. 7,971 million as on March 31, 2005. The increase in fixed assets was primarily on account of capital expenditure on the expansion project.

Fixed assets (gross block) capital expenditure on the expansion project increased to Rs. 7,971 million as on March 31, 2005 from Rs. 7,729 million as on March 31, 2004. The increase in fixed assets was primarily on account of normal capital expenditure.

Fixed assets (gross block) including Capital work in progress increased to Rs. 7,729 million as on March 31, 2004 from Rs. 7,481 million as on March 31, 2003. The increase in fixed assets was primarily on account of normal capital expenditure.

Investments

The Company's investments increased to Rs. 40 million as on December 31, 2006 from Rs. Nil million as on December 31, 2005, primarily on account of deployment of operational surplus.

The Company's investments decreased to Rs.Nil million as on March 31, 2006 from Rs. 232 million as on March 31, 2005, primarily on account of the transfer of the investment division of the Company to Daisy Commercials Private Limited with effect from April 1, 2005.

The Company's investments marginally declined to Rs. 232 million as on March 31, 2005 from Rs. 233 million as on March 31, 2004. This marginal decrease was on account of sale of investments.

Current assets, loans and advances

Current assets, loans and advances decreased to Rs. 2,392 million as on December 31, 2006 from Rs. 2,335 million as on December 31, 2005 primarily on account of reduction in advances to holding company.

Current assets, loans and advances increased to Rs. 2,887 million as on March 31, 2006 from Rs. 2,647 million as on March 31, 2005 primarily on account of bank deposits kept as margin money.

The current assets, loans and advances of the Company as on March 31, 2005 were Rs. 2,647 million compared to Rs. 1,354 million, as on March 31, 2004. The increase is primarily on account of transfer of loan from the holding company and consequent increase in advances to holding company.

The current assets, loans and advances of the Company as on March 31, 2004 were Rs. 1,354 million compared to Rs. 1,126 million, as on March 31, 2003. The increase is primarily on account of increase in loans and advances.

Liabilities and provisions

The liabilities and provisions of the Company increased to Rs. 8,514 million as on December 31, 2006 from Rs. 5,710 million as on December 31, 2005 primarily on account of additional borrowing, including borrowing for the expansion project, and increase in current liabilities.

The liabilities and provisions of the Company increased to Rs. 6,445 million as on March 31, 2006 from Rs. 5,951 million as on March 31, 2005 primarily on account of borrowing and increase in project creditors for the expansion project.

The liabilities and provisions of the Company increased to Rs. 5,951 million as on March 31, 2005 from Rs. 4,820 million as on March 31, 2004 primarily on account of transfer of loans from the holding company.

The liabilities and provisions of the Company marginally increased to Rs. 4,820 million as on March 31, 2004 from Rs. 4,769 million as on March 31, 2003 primarily on account of increase in secured loans.

Secured and Unsecured Loans

Details of the secured and unsecured loans of the Company as on March 31, 2004, 2005 and 2006 and December 31, 2006 are as below:

Rs. in million

Type	Nine months ended December 31, 2006	Nine months ended December 31, 2005	For year ending March 31,			
			2006	2005	2004	2003
Secured Loans	6,526	4,690	5,480	5,009	4,136	4,078
Unsecured Loans	236	50	-	99	16.50	-

Contingent Liabilities

.As on March 31, 2006, the Company had an aggregate amount of Rs. 1,453 million in contingent liabilities, which included (a) Rs. 1,333 million in sales tax incentive claimed by the Company in relation to which litigation is pending before the Supreme Court; (b) Rs. 86 million in income tax claims, and (c) Rs. 10 million as excise duty claims, among others. As on December 31, 2006, the Company had an aggregate amount of Rs. 2,220 million in contingent liabilities, which included (a) Rs. 1,333 million in sales tax incentive claimed by the Company in relation to which litigation is pending before the Supreme Court; (b) Rs. 720 million against letter of credits opened by banks on behalf of the Company; (c) Rs. 86 million in income tax claims, and (d) Rs. 10 million as excise duty claims, among others. For further details in relation to the sales tax litigation before the Supreme Court, please refer to the section "Outstanding Litigation and Material Developments" on page 170 of this Prospectus.

Capital Expenditure

As on December 31, 2006 the capital expenditure incurred on the expansion project is Rs. 4,310 million and Rs. 1,705.89 million of contracts and commitments remain to be executed (net of advances).

Market Risks

The Company's exposure to market risks derives primarily from changes in interest rates and foreign exchange rates. Generally, the Company's objective is to ensure that it understands, measures and monitors these risks and takes appropriate actions to minimise its exposure to such risks. The Company's policies for managing these risks are described below.

Interest rate risk. The Company's interest rate risk arises from short-term and long-term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company also seeks to negotiate the terms of its borrowings with lenders to convert high interest bearing borrowings into lower interest bearing borrowings.

Foreign Exchange Risk: The Company imports a significant amount of raw materials and most of these are denominated in foreign currencies. The Company has got a hedging policy in order to minimize the risk associated with exposure to foreign exchange fluctuations.

Information regarding

a) Unusual or infrequent events or transactions:

There have been no unusual or infrequent transactions that have taken place apart from the transaction relating to transfer of loan from BIL to the Company and subsequent partial repayment by BIL through the sale of Equity Shares. For the details of the same, please refer Section titled "Capital Structure" on page 14 of this Prospectus.

b) Known trends or uncertainties:

Some of the raw materials which are imported have shown a volatile trend in the last 3 to 5 years. The cyclical movement in the prices of these materials seem to be on account of the changes in the demand supply position. As a sequel to the volatility in the price of raw materials, the end product prices tend to generally move up or down in the same direction if not in the same proportion.

c) Seasonality of business:

The sale of cement is adversely affected by difficult working climatic conditions during monsoon which restrict construction activities. Accordingly, revenues recorded in the first half of a fiscal between April and September are traditionally lower compared to revenues recorded during the second half of the fiscal. During periods of curtailed construction activity due to adverse weather conditions, the Company may continue to incur operating expenses, but the revenues from sale of the products may be delayed or reduced.

d) Over dependence on Single supplier/ Customer:

The Company sources its raw materials from a number of suppliers and is not under threat from excessive dependence on any single supplier. The Company sells its products to a variety of customers and is not dependent on any single customer for its sales.

Known trends or uncertainties

Other than as described in the sections “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in this Prospectus, there is to the Company’s knowledge no known trends or uncertainties that have had or are expected to have a material adverse impact on itsrevenues or income from continuing operations.

Future relationship between costs and income

Other than as described in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in this Prospectus, there is to the Company’s knowledge no known factors which would have a material adverse impact on the relationship between costs and income of the Company.

Details of material developments after the date of last balance sheet

The Board of Directors confirms that there have been no adverse events that have occurred since the date of the last financial statement as at December 31, 2006 which have affected operations of the Company. In the opinion of the Board of Directors, since the date of the last financial statement as at December 31, 2006, there have been no circumstances that materially or adversely affect the profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months. The Board declares and confirms that no information or material is likely to have any bearing on the decision of investors in respect of the Equity Shares Offered for Sale in terms of this Prospectus in the manner that would amount to misstatement or misrepresentation.

RECENT DEVELOPMENTS

The audited financial results of the Company for the fiscal 2007 were approved by the Board of Directors on April 23, 2007. Unlike the financial information discussed in the Prospectus in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations", the financial information for the fiscal 2007 has not been restated.

The table below sets forth a general overview of the Company's results for the fiscal 2007 and fiscal 2006.

(Rs. In Millions)

Particulars	Fiscal 2007	Fiscal 2006	Increase / (Decrease)
Revenue			
O P C	3468	3054	13.6%
% of Net Sales	51%	62.5%	
P P C	3330	1831	81.9%
% of Net Sales	49%	37.5%	
Total Sales	**7820**	**5840**	**33.9%**
Less : Excise Duty	1022	956	
Net Sales	**6798**	**4885**	**39.2%**
Other Income	**46**	**48**	**(4%)**
% of Net Sales	0.7%	1%	
Expenditure			
Raw Material and packing material Consumed	859	729	17.8%
% of Net Sales	12.6%	14.9%	
Power	547	486	12.6%
% of Net Sales	8.0%	9.9%	
Fuel	873	889	(1.8%)
% of Net Sales	12.8%	18.2%	
Employee Cost	188	151	24.5%
% of Net Sales	2.8%	3.1%	
Selling and Distribution Expenses	1626	910	78.7%
% of Net Sales	23.9%	18.6%	
Interest	326	342	(4.7%)
% of Net Sales	4.8%	7%	
Depreciation	435	429	1.4%
Total Expenditure	**5278**	**4352**	**21.3%**
EBIDTA	**2326**	**1352**	**72.0%**
% of Net Sales	34.2%	27.68%	
PBT	**1566**	**581**	**169.5%**
% of Net Sales	23%	11.9%	
Current Tax (including fringe benefit tax)	178	51	
Deferred Tax	431	-	
PAT	**956**	**530**	**80.40%**
% of Net Sales	14.1%	10.85%	

Revenues

Total Sales: The Company achieved total sales of Rs. 7,820 million during the fiscal 2007 as against Rs. 5,840 million in fiscal 2006. During the fiscal 2007, the Company sold 1.231 million tonnes and 1.175 million tonnes of OPC and PPC, respectively and during the fiscal 2006, the Company sold 1.47 million tonnes and 0.873 million tonnes of OPC and PPC respectively.

Other Income: The other income of the Company during the financial year ended March 31, 2007 was Rs. 46 million and for the financial year ended March 31, 2006 was Rs.48 million. It mainly comprised of Interest Income on short term deposit with bank etc. and sale of electricity to Rajasthan Power Procurement Center.

Excise Duty: The Company paid excise duty of Rs. 1022 million during the fiscal 2007 and Rs.956 million during the fiscal 2006.

Net Sales: During the financial year ended March 31, 2007, the net sales of the Company were Rs. 6,798 million and the same was Rs.4,885 million for the financial year ended March 31, 2006.The average sale price (net of sales tax, excise and discount) was Rs. 2,826 per tonne and Rs.2,085 per tonne in fiscal 2007 and fiscal 2006 respectively.

PAT: The PAT for the fiscal 2007 was Rs. 956 million and for fiscal 2006 was Rs.530 million.

Dividend: The board at its meeting held on April 23, 2007, has recommended a dividend of 20%(Rs.2 per Equity Share of Rs. 10 each), subject to requisite approvals.

Expenditure

Raw Materials and Packing Material: Expenditure on raw materials during the financial year ended March 31, 2007 was Rs. 859 million as against Rs.729 million during the financial year ended March 31, 2006.

Power: The power cost was Rs. 547 million and Rs. 486 million in fiscal 2007 and 2006 respectively.

Fuel: The fuel cost during fiscal 2007 was Rs. 873 million and was Rs.889 million in fiscal 2006.

Employee Cost: During the financial year ended March 31, 2007, expenditure on salary and wages was Rs. 188 million and the same was Rs.151 million during the financial year ended March 31, 2006.

Selling and Distribution Expenses: The selling and distribution expenses which include freight, advertisement and sales promotions and commission to selling agents was Rs. 1626 million and Rs.910 million during fiscal 2007 and fiscal 2006 respectively.

Interest and Finance Cost: The interest and finance cost during the financial year ended March 31, 2007 was Rs. 326 million and during the the financial year ended March 31, 2006 was Rs.342 million.

Total Expenditure: The total expenditure was Rs. 5278 million and Rs. 4352 million in fiscal 2007 and fiscal 2006 respectively.

Tax: For the fiscal 2007, the company provided for current tax of Rs. 178 million and deferred tax of Rs. 431 milion as against current tax of Rs. 51 million provided in fiscal 2006.

The Company is entitled to tax credit in respect of Minimum Alternate Tax (MAT credit) under the provisions of the Income-tax Act, 1961. However, considering the degree of probability of availment of the MAT Credit in future years, which is based on convincing evidence that the Company will pay normal tax in future as envisaged by the Guidance Note on Accounting for Credit available in respect of Minimum Alternate Tax (MAT) under the Income-tax Act, 1961, the MAT credit aggregating to Rs. 224 million (Rs. 175 million for the current year and Rs. 49 million for the previous year) has not been accounted by the Company. The accounting for the same will be reviewed at each balance sheet date.

Had the MAT credit entitlement is recognized as an asset in the Financial Year ended March 31, 2007, profit after tax would have been Rs. 1180 million as against 956 million and EPS would have been Rs. 5.81 as against Rs. 4.71.

Other Developments:

The Ministry of Coal, Government of India through letter no. 38011/3/2006-CA-I dated February 7, 2006 has allocated Nimbri Chandavan lignite block in the State of Rajasthan to the Company for captive mining for the Company's captive power plant at Binanigram in Sirohi, Rajasthan.

INDEBTEDNESS

S. No.	Nature of the Borrowing/Debt	Amount sanctioned	Outstanding as of March 31, 2007	Interest and Repayment/ Redemption	Security
1.	Rupee Term Loans from IDBI .[1]	Rs.2169.8 million	Rs.1836.07 million	Interest: Monthly payment of interest at the rate of 9.50% per annum. Repayment: The loans are being repaid in 156 monthly installments from September 30, 2005.	Secured / to be secured by (a) a first mortgage and charge created on both present and furure immovable properties of the Company at Binanigram, Pindwara, Sirohi, in Rajasthan except the assets of the first phase of the 2X22.30 MW captive power plant comprising of 1X22.30 MW power plant and common facilities which are exclusively charged to GE Capital Services India and Binani Zinc Limited and BIL both present and future. (b) first charge by way of hypothecation on all movables of the company at Binanigram, Pindwara, Sirohi in Rajasthan and BZL at Binanipuram, Kerala, and BIL (save and except book debts) including movable machinery, machinery spares, tools and accessories, present and future, subject to charges on specifiied movables created and / or to be created for securing the borrowings for working capital requirements from Banks and ranking pari-passu with mortgages and charges created and/or to be created in favour of Institutions / Banks / Debenture Trustee(s)/other term lenders as detailed in the respective loan agreement(s) / deed(s) of hypothecation / debenture trust deed(s) executed by the Company; (c) Corporate Guarantee of
2.	Rupee Term Loans from IDBI .[1]	Rs.887.06 million	Rs. 779.39 million	Interest: Monthly payment of interest at the rate of 8.00% per annum. Repayment: The loans are being repaid in 156 monthly installments from September 30, 2005.	
3.	Funded Interest Term Loan from IDBI Bank.[1]	Rs.1065 million	Rs. 734.58 million	Interest: Monthly payment of interest at the rate of 3.00% per annum Repayment: The loan is being repaid in 132 monthly installments from September 30, 2005.	

S. No.	Nature of the Borrowing/Debt	Amount sanctioned	Outstanding as of March 31, 2007	Interest and Repayment/ Redemption	Security
4.	Zero Coupon Term Loan	Rs.136.1 million	Rs.136.10 million		BIL and Personal Guarantee of a Director of the company; (d) Pledge of 103,581,650 Equity Shares of Rs. 10 each held by BIL on pari passu basis with UTI Bank Ltd for Debenture of Rs. 700 million , (e) Pledge of 4200000 6% Non Cummulative Redeemable Preference Shares of Rs. 100 each of Goa Glass Fibre Limited held by BIL; (f) pari passu charge on Trust and Retention Account.
5.	Subscription of Secured Redeemable Non-Convertible Debentures by UTI Bank and others.(2)	Rs.700 million	Rs.670.83 million	Interest: Monthly payment of interest at the rate of 9.50% till 17th October, 2008. The interest rate will be reset on 18th October, 2008 which will be linked to the then prevailing yield on 3 year G-Sec semi-annualized yield + 322 bps payable monthly. Redemption: The debentures will be redeemed over a period of 6 years in quarterly installments from 31st March, 2007 till 31st December, 2012.	Secured/to be secured by (a) a charge created/to be created on the moveable and immoveable properties of the Company located at Binanigram, Pindwara, Sirohi in Rajasthan except the assets of the first phase of the 2X22.30 MW captive power plant comprising of 1X22.30 MW power plant and common facilities which are exclusively charged to GE Capital Services Indiaand exclusive first charge on plot of land situated at village Mouj, Dhanot, Kalol, Mehsana, Gujarat subject to charges on specified movables created and / or to be created for securing the borrowings for working capital requirements from Banks ranking pari-passu with charges created and/or to be created in favour of Financial Institutions/Banks/Debenture Trustee(s) executed by the Company; (b) Corporate Guarantee of BIL; (c) Pledge of 103,581,650 Equity Shares of Rs. 10 each held by BIL on pari passu basis with IDBI; (d) Personal Guarantee of a

S. No.	Nature of the Borrowing/Debt	Amount sanctioned	Outstanding as of March 31, 2007	Interest and Repayment/ Redemption	Security
					Director of the Company; (e) pari passu charge on Trust and Retention Account. .
6.	Subscription of Secured Redeemable Non-Convertible Debentures by UTI Bank and others.(2)	Rs.400 million	Rs. 400 million	Interest: Monthly payment of interest at the rate of 9.50% per annum till July 2, 2008. The interest rate will be reset on July 3, 2008 which will be linked to then prevailing yield on 2 year G-Sec semi-annualized + 275 bps payable monthly. Redemption: The debentures will be redeemed over a period of 5 years with 2 years moratorium in equal quarterly installments from September 30, 2008 till 30th June, 2011.	Secured/to be Secured by (a) a charge created on the moveable and immoveable properties of the Company located at Binanigram, Pindwara, Sirohi in Rajasthan except the assets of the first phase of the 2X22.30 MW captive power plant comprising of 1X22.30 MW power plant and common facilities which are exclusively charged to GE Capital Services India,both present and future and exclusive first charge on plot of land situated at village Mouj, Dhanot, Kalol, Mehsana, Gujarat subject to charges on specified movables created and / or to be created for securing the borrowings for working capital requirements from Banks ranking pari-passu with charges created and/or to be created in favour of Financial Institutions/Banks/Debenture Trustee(s) executed by the Company; (b) Corporate Guarantee of BIL; (b) c) pari passu Trust and Retention Account.

S. No.	Nature of the Borrowing/Debt	Amount sanctioned	Outstanding as of March 31, 2007	Interest and Repayment/ Redemption	Security
7.	Term Loan facility from Oriental Bank of Commerce	Rs. 200 million	Rs. 200 million	Interest: 10% payable in 24 monthly installments of Rs. 0.84 million, last being 0.68 million. Repayment: From July, 2007	Secured by first charge by way of hypothecation of fixed assets (capital goods), imported/procured under letter of credit opened by the Bank. The loan is further secured by first charge on the immoveable property of the Company at Binanigram, Pindwara, Sirohi in Rajasthan, except assets of first phase of 2x22.30 MW power plant comprising of 1x22.30 MW power plant and common facilities which are exclusively charged to GE Capital Services India.
8.	a) Term Loan Facility from J.P. Morgan Securities India Private Limited. b)Term Loan Facility from J.P. Morgan .Chase Bank N.A, Mumbai(3)	Rs.1,300 million	Rs. 850 million* Rs. 450 million	Interest: The rate of interest on each drawing for each interest period or part of it as may be applicable is 9.5% per annum. Repayment: Six half-yearly installments after project completion	Secured/ to be secured by (a) first mortgage and charge created on immovable properties of the Company at Binanigram, Pindwara, Sirohi, in Rajasthan except the assets of the first phase of the 2X22.3 MW captive power plant comprising of 1X22.30 MW power plant and common facilities which are exclusively charged to GE Capital Services India., both presnt and future, ranking pari-passu with mortgages and charges created and/or to be created in favour of Institutions / Banks / Debenture Trustee(s) as detailed in the respective loan agreement(s) / deed(s) of hypothecation / debenture trust deed(s) executed by the Company; (b) pari passu charge on Trust and Retention Account.
9.	Term Loan	Rs. 750	Rs. 500 million	Interest at	(a)First and exclusive

S. No.	Nature of the Borrowing/Debt	Amount sanctioned	Outstanding as of March 31, 2007	Interest and Repayment/ Redemption	Security
	Facility from GE Capital Services India	million		10.25% on outstanding amount payable quarterly. Repayment in 18 equal quarterly installments payable from December 31, 2007	charge on plant and machinery, all associated equipment and shared facilities of first phase of 2x22.3 MW captive power plant and common facilities. (b) Pari passu charge on trust and retention account. (c) Post dated cheques. (d) Corporate Guarantee of BIL and (e) Pari passu first charge on land and building of the first phase of the captive power plant.
10.	Working Capital Facility from various banks. .[(5)]	Fund Based: Rs.210.00 million	Rs.165.12 million	Interest: The rate of interest for the fund based portion of the facility is at Prime Lending Rates of each bank with monthly rests	Secured / to be secured against (a) Hypothecation of Raw Materials, Stock in Trade, Stock-in-Process, Finished Goods, Book Debts and other receivables belonging to the Company, (b)Second charge on immovable properties of the Company and Corporate Guarantee of BILand (C) pari passu charge on Trust and Retention Account.
11.	Rupee Term Loan from Punjab National Bank	Rs. 2.5 million	Rs.1.7 million	Interest: The interest rate is at PLR (currently 10.75%) Repayment:: In three annual installments on: a) March 23, 2007 – Rs.0.83 million; b) March 23, 2008 and 2009: Rs.0.85 miilion in each year.	Secured/to be secured by a first pari-passu charge on the Alternate Fuel Feeding System.
12.	Hire Purchase Loan		Rs 0.24 million	In 35 equated monthly instalments	Secured by hypothecation of vehicles.

S. No.	Nature of the Borrowing/Debt	Amount sanctioned	Outstanding as of March 31, 2007	Interest and Repayment/ Redemption	Security
				from May 01, 2005	

* Outstanding as of April 10, 2007. The total facility of Rs. 1300 million comprised of Rs. 850 million from J.P.Morgan Securities Private Limited and Rs. 450 million JPMorgan Chase Bank N.A., Mumbai. The entire facility has subsequently been re-financed by JPMorgan Chase Bank N.A., Mumbai on April 2, 2007 which is secured by (a) first mortgage and charge created on immovable properties of the Company at Binanigram, Pindwara, Sirohi, in Rajasthan except the assets of the first phase of the 2X22.3 MW captive power plant comprising of 1X22.30 MW power plant and common facilities which are exclusively charged to Srei Infrastructure Finance Ltd., both present and future, ranking pari-passu with mortgages and charges created and/or to be created in favour of Institutions / Banks / Debenture Trustee(s) as detailed in the respective loan agreement(s) / deed(s) of hypothecation / debenture trust deed(s) executed by the Company and (b) pari passu charge on Trust and Retention Account.

The Company has entered into a loan agreement dated February 6, 2007 with Eksport Kredit Finansiering A/S, Copanhagen, Denmark (Lender). The Lender will make available to the Company a facility denominated in USD not exceeding DKK 54,701,642 in two tranches. The amounts disbursed shall carry interest rate at the sum of the applicable margin plus USD LIBOR. The Company is to repay all amounts of the Facility in 14 equal consecutive, semi annual installments. The first installment shall be payable latest by December 31, 2007. No amounts have yet been disbursed to the Company by the Lender under this facility agreement.

(1) Under the terms of the restructuring packaged approved by IDBI Ltd the Company has to appoint a suitable professional as Director (Finance) or Chief Financial Officer to look after the financial management of the Company to the satisfaction of IDBI. Additionally the Company has undertaken not to do the following without prior approval of the lender:

a) Incur any capital expenditure, make any investments or advance to a group company, take additional loans, lease, ICD or any other form of borrowing

b) To sell, mortgage, transfer or alienate in any manner the assets, properties during the period of the loan

c) Declare any dividend;

d) To transfer any funds to any group companies and their associates or other companies .

The lenders have further rights :

a) To cancel, suspend, reduce or modify the restructuring package including all relief granted with retrospective effect if the Company's operations remain unsatisfactory or any default is committed by the Company. Additionally, the lenders could impose further conditions including appointment of independent finance director, raising of additional equity or interest free unsecured funds from the promoters;

b) To accelerate the repayment schedule of various assistances if the profitability and cash flow of the Company has improved;

c) To convert 100% of default amount into equity of the Company if the default persists for a period of more than 30 days . The conversion option can be exercised by the lenders at any time during the period of assistance.

d) To disclose the names of the Company and its Directors to the Reserve Bank of India in the event of the Company committing a default in repayment or payment of interest on due dates.

(2) Under the terms of the debenture subscription agreement the lender in case of any default by the Company can:

a) Enter upon and take possession of the assets of the Company;

b) Transfer the assets of the Company by way of lease, licence or sale;

c) Appoint whole time nominee directors on the board of directors of the Company;

d) Appoint a nominee director/debenture director on the board of directors of the Company.

(3) As of April 2, 2007, the term loan of Rs. 1.3 billion has been re-financed by JPMorgan Chase Bank N.A., Mumbai, on similar terms and conditions. Additionally the Company has undertaken not to do the following without prior approval of lender:

a) Make any loans, grant any credit (except in ordinary course of business), give any indemnity (except as required by this agreement) to any person or otherwise assume any liability, actual or contingent in respect of any obligation of any person without prior written consent of lender;

b) Borrow money or obtain loans other than third party committed financing or relevant tax event financing.

c) Enter into any amalgamation, demerger or merger or establish subsidiaries;

d) Declare any dividend while the facility or any amount of it is outstanding without prior;

e) Acquire any company, business, assets or undertaking;

f) Sell, lease, transfer or otherwise dispose of any asset except in the ordinary course of business;

g) Create or permit to subsist any security over its assets other than security which has been disclosed by the Company to the Lender;

h) Sell, transfer or otherwise dispose of any of its receivables on recourse terms other than in the ordinary course of business;

(4) Under the terms of the loan agreement the lender has the right to appoint a nominee director on the Board in case of default by the Company. Additionally, the Company has undertaken not to do the following without prior approval of the lender:

a) Contract, create or incur any debt, nor prepay any debt/loan other than as otherwise permitted by the lender;

b) Create or permit any security interest;

c) Undertake any new project, or any substantial diversification or expansion, or alter the scope of the project for which the loan has been taken. The Company cannot enter into any other business or activities other than those it is currently engaged in;

d) Create any subsidiary or permit any company to become its subsidiary, or enter into/ any arrangement for merger/de-merger, reorganization. The Company cannot enter into any scheme of arrangement or compromise with its creditors/shareholders.

e) Changing the capital structure in any manner, whether by reduction, buy back, cancellation, or by issue of fresh capital;

f) Change its financial year or its accounting policies/methods;

g) Declare any dividend; and

h) Pledge or sale of the Promoters' holdings in the Company.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or civil proceedings, or criminal proceedings, or prosecutions, or tax liabilities by or against the Company, against Directors, or Company's Promoters or Promoter Group, and there are no defaults, non-payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues payable to holders of any debentures, bonds or fixed deposits, and arrears on preference shares issued by the Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ and other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act) that would result in material adverse effect on the Company's consolidated business taken as a whole. None of the aforesaid persons / companies is on RBI's list of willful defaulters.

Litigation Against the Company

Criminal Cases

1. A resident of Sadalwa village, Rajasthan had filed a first information report bearing No. 247 of 1996 with the police station at Pindwara, Rajasthan against the Company and others in respect of alleged violations of sections 427 and 447 of the Indian Penal Code. The matter is pending before the Judicial Magistrate (Ist Class) Pindwara, Rajasthan.

2. The Inspector of Factories, Sirohi has filed a Criminal Case (CRO-226/2004) before the Judicial Magistrate I Class, Pindwara for prosecution of the Occupier and Manager of the Company's factory at Binanigram for violations of the provisions of the Factory Act, 1948. The matter is pending.

Civil Cases

1. Two cases have been filed before the Additional Judicial Court, Jaipur and the Civil Judge, Gangapur City, in relation to claims for dealers' incentives and restoration of dealership. The amount claimed is Rs. 0.06 million.

2. The Company has received three show cause notices/stay orders in connection with acquisition of land at Neem Ka Thana, Rajasthan. The show cause notices/stay orders relate to payment of stamp duty, ownership dispute and stay on development of land.

Consumer Cases

There are 4 (four) complaints before various Consumer Disputes Redressal Forums against the Company in respect of loss suffered on account of alleged poor quality of cement supplied by the Company. The total amount claimed as compensation in these cases aggregates approximately Rs.1.2 million. These complaints are in various stages of pendency.

Tax Proceedings

Sales Tax

1. The Government of Rajasthan through the Commercial Taxes Officer, Commercial Taxes Department has filed a Special Leave Petition (S.L.P No. 1511/2002) before the Supreme Court (against the order of the High Court of Rajasthan) dated July 2, 2001 allowing the Company to avail of 75% sales tax incentive on the sales of cement and clinker. The Government of Rajasthan has claimed an claim amount of approximately Rs. 1,332.72 million. The matter relates to the Sales Tax Incentive Scheme of 1989 ("Scheme") which the Company has availed of. The Government of Rajasthan has granted only 25% sales tax incentive to the Company on the grounds that the Company does not qualify as "prestigious unit" under the Scheme (such prestigious units being entitled to a 75% sales tax incentive) but instead qualifies as a "cement unit" which has been specifically listed in the Scheme. Therefore, the Government of Rajasthan has claimed that the Company is only entitled to a 25% sales tax incentive. The matter is currently pending before the Supreme Court.

2. The Assistant Commissioner, Anti-evasion (Pali) issued a show cause notice dated April 15, 1998 to the Company asking the Company why amount returned to dealers by giving them credit notes

and deposited with the revenue may not be forfeited and penalty be imposed on the company. The Company was also asked to show cause that freight charges realized on the cement sold for destination may not be treated as part of sale price and taxed under provisions of Rajasthan Sales Tax Act, 1994. The Company raised the preliminary objection and the same was rejected by the Assistant Commissioner by order dated July 8, 1998. The Company has filed a Writ Petition No. 3689/99 before the The High Court of Rajasthan, Jodhpur Bench challenging both the validity of notice dated April 15, 1998 and the order of the Assistant Commissioner dated July 8, 1998. The claim against the Company for the short payment of sales tax is for Rs. 7 million. The High Court has passed an interim order prohibiting any coercive step pursuant to the show cause notice dated April 15, 1998.

3. There is a Revision Petition (Revision No. 384/2004) pending before the High Court of Rajasthan, Jodhpur Bench against the order of the Rajasthan Tax Board. The Company had purchased oil and lubricants during the year 1996-1997 on payment of 4% sales tax, The Assessing Authority disallowed the said concessional purchase and assessed for differential tax at 12% with interest and penalty. The Rajasthan Tax Board upheld the order of Deputy Commissioner (Appeals) that set aside the enhanced demand of tax, interest and penalty claimed by the assessing authority. The amount claimed by the Sales Tax Department is approximately Rs.1 Million.

4. The company has filed a Writ Petition No. 3163/2002 before The Rajasthan High court, Jodhpur Bench challenging the constitutional validity of Section 13 (A) (1) and (2) of Rajasthan Sales Tax Act, 1994 inserted by Rajasthan Finance Act, 2000 and relevant exemption notifications issued in that regard on account of non-exclusion of sales outside the state from the purview of turnover tax levied thereunder. The Company has also challenged the validity of the show cause notice dated April 29, 2002 issued by the Commercial Taxes Officer, Special Circle, Pali on the premise that 'Annual gross turnover' for the purpose of levying turnover tax and/or exemption fee in lieu thereof, would include 'sales outside the state'. The matter is currently pending.

5. The Company had purchased some goods from outside the state and Form 18 A was not attached with the documents. The Assistant Commercial Taxes Officer issued a notice and raised a demand note of Rs. 0.05 million as penalty against the Company. The Company went in appeal to the Deputy Commissioner (Appeals), Jodhpur and the same was allowed and later also upheld by the Rajasthan Tax Board. The Commercial taxes department has filed an appeal against the order of the Rajasthan Tax Board in the High Court of Rajasthan, Jodhpur Bench (No.225/2005). The matter is currently pending.

6. The Commercial Tax Officer, Pali issued notices to the Company under Section 16 (3) of the Rajasthan Tax on Entry of Goods into Local Area Act, 1999 and raised a demand of Rs. 1.258 million for the month of May 2006, Rs. 1.897 million for the month of June 2006, Rs. 2.173 million for July 2006 and Rs. 2.955 million for the month of August 2006. The Company has filed a Writ Petition No. 3630/2006 in the High Court of Rajasthan, Jodhpur Bench challenging the Constitutional validity of the Rajasthan Tax on Entry of Goods into Local Area Act, 1999. The Petition has been admitted and the matter is currently pending. The Court has passed an interim order directing that no coercive process be used against the Company for enforcing the demand under the Act. The amount involved is Rs. 8.28 million.

7. The Company has received an order of assessment on January 16, 2007 from the office of the Commissioner for Trade and Taxes, Ward 42 (KDU), New Delhi under section 24 of the Delhi Sales Tax Act, 1975 in relation to payment of Rs. 0.057 million as tax dues .

Service Tax

1. The Central Excise Department has filed an appeal before High Court of Rajasthan, Jodhpur against order of Customs Excise and Service Appellate Tribunal for an amount aggregating approximately Rs. 11.686 million with respect to demand of service tax on services rendered by transporters for freight for the period November 16, 1997 to June 1, 1998. The matter is pending.

Customs and Excise Matters

1. The Company has filed an appeal before the High Court of Rajasthan, Jaipur against order of the Customs Excise and Service Tax Appellate Tribunal for amount aggregating approximately Rs.3.3 million with respect to disallowance of MODVAT credit on machinery for the period July, 1996 to August, 1996. The matter is pending.

2. The Company has filed a writ petition before the High Court of Rajasthan, Jodhpur against show cause notice of Commissioner of Central Excise (II) Jaipur for amount aggregating approximately Rs.7.36 million, with respect to payment of duty on additional cement in excess of 50 kilograms in packing bags for the period July 1999 to January, 2004. The matter is pending.

3. The Company has filed an appeal before the High Court of Rajasthan, Jaipur against the order of the Customs Excise and ServiceAppellate Tribunal for an amount aggregating approximately Rs.0.37 million, with respect to levy of 8% duty on use of clinker to manufacture cement that was supplied to earthquake affected areas in Gujarat in August, 2004. The matter is pending.

4. The Department of Customs, Kandla has issued three show cause notices to the Company for an amount aggregating approximately Rs.5.96 million, with respect to use of transferable Duty Entitlement Pass Book script. The matters are pending before the Commissioner of Customs, Kandla. In respect of one of the show cause notices, the Commissioner of Customs, Kandla has, vide order dated December 22, 2006, denied the benefit of DEPB and confirmed a demand of Rs. 4.62 million with interest. The Company has filed an appeal before the Appellate Tribunal (CESTAT) Ahmedabad against the said order. The other two matters are pending before the Commisioner of Customs, Kandla

5. There is one matter against the Company before the Customs Excise and Service Tax Tribunal, Jamnagar, for an amount aggregating approximately Rs.3.06 million with respect to demand for payment of differential customs duty on account of difference in gross calorific value of imported coal. The matter is pending.

6. The Central Excise Department has filed an appeal before Custom Excise and Service Appellate Tribunal for an amount aggregating approximately Rs. 2.18 million with respect to Cenvat credit on welding electrodes used for maintenance of plant and machinery during the period August 2000 to April 2005.

Other Tax Matters

1. Senior District Transport Officer, Sirohi by his letter dated February 24, 2003 levied road tax on company's dumpers at the rate of 1.5% on the cost of dumper and assessment of cost by adding 15% every year. The Company went in appeal against the order of Senior District Transport Officer to the Regional Transport Officer who reverted the matter back to the Senior District Transport Officer with a direction that the road tax be recalculated. The Company paid the recalculated road tax but did not pay the penalty of Rs. 1.4 million on the ground that their penalty should have been waived under the amnesty scheme of the government, since they had paid all the road tax dues by March 31, 2003 as required under the amnesty scheme. The Company has applied to the District Transport Officer, Sirohi, for the waiver of penalty amount but has not heard anything so far. The Company has now applied to the Transport Commissioner, Jaipur for the waiver of penalty.

2. The Assessing Authority and Sub Registrar, Pindwara raised a demand of Rs. 9.57 Million for the year 2006-07 under section 47 and 49 of Rajasthan Finance Act, 2006 towards payment of land tax on land owned by the Company. The Federation of Mining Association of Rajasthan has challenged the tax demand before the High Court of Rajasthan, Jodhpur and the High Court has, vide order dated February 27, 2007, stayed recovery of demand.

Labour Proceedings

1. There is one case pending before the Labour Court, Jodhpur, challenging the alleged illegal termination by the Binani Trust of an employee working in G.D.Binani Diagnostic and Health Centre and seeking his reinstatement with back wages. The amount involved is Rs. 0.53 million and the matter is currently pending.

2. There is a case pending before the Workmen's Compensation Commissioner, Sirohi filed by the legal representative of a mentally ill person who committed suicide by jumping in hopper of crusher at the mine. The compensation sought is Rs. 0.4 million with interest and penalty. The matter is currently pending.

3. There is one case pending before the High Court of Rajasthan, relating to a driver who met with an accident while on duty. The vehicle was insured with United Insurance Company, Udaipur ("United Insurance"). Pursuant to the directions of the Workmen Compensation Commissioner, Udaipur, United Insurance has paid the principal amount with interest to the driver but has not paid the penalty of Rs.0.018 million. The Company was also a party before the Workmen Compensation Commissioner. The United Insurance has filed an appeal against the order of the Workmen

Compensation Commissioner imposing penalty before the High Court of Rajasthan. The matter is currently pending.

Litigation By the Company

Labour Proceedings

1. The Company has filed 3 cases against the Berozgar Sangrarsh Samitee, the INTUC Union and BMS Union in the Additional District Court, Abu Road. The cases are filed for permanent injunction against the Activists of the Samitee and Unions restraining them from holding any demonstrations, gherao, slogan shouting, obstruction with in 500 meters from the boundary of mines, factory, and resident colony.

Insurance Claims

1. An insurance claim aggregating to Rs.74.5 million was raised by the Company with National Insurance Company Ltd. ("Insurer") pursuant to a loss of profit policy taken by the Company when it suffered losses on account of break down of the cooling tower at the captive power plant. The claim is pending.

2. An insurance claim aggregating to Rs.5.6 million was raised by the Company with National Insurance Company Ltd. ("Insurer") pursuant to a machinery breakdown policy taken by the Company for cost of repairs to cooling tower at the captive power plant. The claim is pending.

3. There are three insurance claims aggregating to Rs.0.5 million which have been raised by the Company with Oriental Insurance Company ("Insurer") pursuant to a loss in transit policy when it suffered losses on account of damage to cement in transportation. These claims are pending.

Customs Matters

The Company has filed a writ petition in the High Court, Gujarat at Ahmedabad to claim a refund aggregaring approximately Rs. 6.71 million which was wrongly paid earlier towards cess @ Rs. 3.50 PMT at ports in Gujarat for coal imported during the period January 1997 to December 2004. The Company has contended that the cess is not applicable on imported coal as the notification is applicable only to indigenous coal. The matter is currently pending.

Miscellaneous

The Company has filed a case before the High Court of Rajasthan for recovery of Rs. 6.78 million against Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (RRPNL) for wrongly with-holding 30% of the billed amount due to meter reading dispute for the period December 21, 2000 to June 30, 2001.

Outstanding dues to Small Scale Undertakings

The Company has an amount aggregating approximately Rs. 0.11 million as dues outstanding for more than 30 days which is payable to Wireinks.

Litigation against Promoter Company

Binani Industries Limited

Criminal Case

There is a Criminal Revision Petition No. 2163/2006 pending before the Patna High Court against an Order passed by the Judicial Magistrate (First Class) Patna in a Complaint filed against the Executive Vice President (Corporate and legal) and Secretary, the Managing Director and one other in the matter of forfeiture of shares of an investor. The High Court has stayed the proceedings against the Executive Vice President (Corporate and Legal) and Secretary and the Company does not have a Managing Director. The High Court in a hearing on March 28, 2007 set aside the cognizance of the case taken by the Judicial Magistrate (First Class) Patna. The copy of the formal order from the High Court is awaited.

Civil Matters

A matter is pending before the City Civil Court, Sangrur relating to the ownership of 1000 shares.

A matter is pending before the Upper Sessions Court, Lakhimpur, Kheri, Uttar Pradesh relating to transfer of equity shares of BIL.

A suit for recovery of demand of sales tax for 1994-95 and 1995-96 is pending before the Court of Spl. JFMC (Sales Tax) Bangalore for an amount aggregating approximately Rs.7.1million

A suit is pending before the Small Causes Court, Mumbai relating to calculation of rateable value by the Bombay Municipal Corporation ("BMC") for an amount aggregating approximately Rs.2.2 million.

Companies Act Matter

The Deputy Registrar of Companies, Kolkata vide letter No. ROC/234/25584/V dated July 17, 2006 to the Company has alleged certain violations under various sections of the Companies Act arising out of the balance sheet of BIL for the year ended March 2005. The letter was endorsed to all the directors, statutory auditors and company secretary. An explanation has been sought by the Registrar of Companies why prosecution should not be launched against the company, directors and officers for the said violations of the provisions of the Act. The company on its behalf and its directors has replied on August 18, 2006. The Company auditors have also sent their reply on August 25, 2006. The Registrar of Companies, through a letter dated February 16, 2007, has indicated its intention to commence prosecution. Further, the Registrar of Companies through letters dated March 20, 2007 and March 30, 2007 has advised the Company to apply for compounding offences allegedly committed under Sections 210, 211 and 217 of the Companies Act. The Company has filed for further clarifications in the matter.

Labour Matter

Labour Inspector of Government of Maharashtra, Mumbai had observed certain irregularities under Minimum Wage Act, 1948 based on their inspection carried out in the company premises on September 21, 2006. On October 11, 2006 the company received a showcause notice from Labour officer and Inspector for non compliance of the vist remarks. The company has replied to the showcause notice and has produced all the records maintained by it on October 20, 2006. The company has not heard anything since then.

Income Tax Matter

An assessment of restored issues is pending before the Assistant Commissioner of Income Tax relating to various disallowances for the A. Y. 1995-96 for an amount aggregating approximately to Rs.4.4 million
There are two appeals pending before the High Court of Calcutta with respect to chargeability of interest on minimum alternate tax and for various disallowances for an amount aggregating approximately to Rs.55.7 million

Consumer Dispute Matters

There are three cases pending before the District Consumer Disputes Redressal Forum, Vadodara against the order of Gujarat State Consumer Disputes Redressal Forum, for refund of application money for an amount aggregating approximately to Rs. 0.012 million

There is one case pending before the District Consumer Disputes Redressal Forum, Aligarh, Uttar Pradesh for an amount aggregating approximately to Rs.0.038 millionin relation to payment made by the Complainant towards 100 shares of BIL which have been forfeited by BIL.

There is one appeal pending before the State Consumer Disputes Redressal Forum, Kanpur against the order of District Consumer Disputes Redressal Forum, Kanpurfor an amount aggregating approximately Rs. 0.023 million along with interest.

There is one case pending before the District Consumer Disputes Redressal Forum, Muzzaffarnagar relating to non-receipt of five equity shares of BIL by the Complainant.

There is one case pending before the District Consumer Disputes Redressal Forum, Ahmedabad for an amount aggregating to approximately Rs.0.023 million, relating to negligence of issuance and despatch of share certificates.

There is one case pending before District Consumer Disputes Redressal Forum, Surendranagar, relating to non transfer of equity shares. The share certificate in respect of the shares in question was returned to the Complainant due to a difference in signature.

There is one case pending before the District Consumer Disputes Redressal Forum, Rajkot, for an amount aggregating approximately to Rs.0.078 million relating to non receipt of duplicate equity shares.

There is one case pending before State Consumer Disputes Redressal Forum, Lucknow, for an amount aggregating approximately to Rs. 0.02 million relating to non-receipt of shares from the public offering of shares undertaken by BIL in1995.

There is one case pending before the District Consumer Disputes Redressal Forum, Mumbai Suburban District for an amount aggregating approximately to Rs.0.018 million regarding non-receipt of Refund Order from the public offering of shares undertaken by BIL in 1994.

There is one case pending in the District Consumer Disputes Redressal Forum, Ahmedabad for an amount aggregating approximately to Rs.0.025 million relating to the inclusion of the Complainant under an allegedly wrong category.

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Litigation by Promoter

Civil Matters

There is one eviction suit pending before the Small Causes Court, Mumbai. There is one matter pending in the High Court of Mumbai for an amount aggregating approximately to Rs.0.74 million for recovery of deposit.

Litigation involving Promoter Group

1. Binani Zinc Limited

Litigation against BZL

Criminal Matters

There is one matter pending before the Judicial Magistrate First Class, Paravoor, for alleged contamination of water.

Civil Matters

There is one suit pending before the High Court of Kerala against Kerala State Electricity Board and Government of Kerala for an amount aggregating approximately to Rs.67 million along with interest relating to the cancellation by the Government of Kerala of a tariff concession that was availed by BZL for expansion of its plant. The matter was heard on March 2, 2007 and decided against the Company with a direction to Kerala State Electricity Board to reconsider the concessional tariff for modernized plants alone. A writ appeal has been filed in the High Court of Kerala and it is currently pending.

There are two suits pending before the High Court of Kerala against Kerala State Electricity Board for an amount aggregating approximately to Rs.17 million relating to refund of duty paid by BZL and an) impleading application for claiming a tariff concession.

There is one suit pending before the High Court of Kerala against Kerala State Electricity Board relating to tariff enhancement by the Government of Kerala by 25% involving an amount aggregating approximately toRs. 2.5 million per year with effect from January 2002. The High Court has passed interim orders directing Kerala State Electricity Board to receive energy charges @ 238 paise per unit and ordered Secretary (Power), Government of Kerala to take a decision. The interim order shall continue to be in force till such time as the Government of Kerala takes a decision.

There is a special leave petition pending before the Supreme Court of India against an order of the Central Appellate Tribunal for Electricity for an amount aggregating approximately to Rs. 260 million due to to an increase in power tarrif made by the Kerala State Electricity Board.

There is one suit pending before the High Court of Kerala filed against Kerala State Electricity Board relating to the steps initiated by the Board with respect to the disconnection of power supply to BZL.

There is one suit pending before the High Court of Kerala against Kerala State Electricity Board for an amount aggregating approximately to Rs.85.0 million relating to the demand by the Board for penal charges for not obtaining its approval for installation of a 4800 KW Thyristor Rectifier.

There is a matter pending before the High Court of Kerala against the revision of licence fee by the Kadungallur Panchayat, for an amount aggregating approximately to Rs.0.091 million per annum from 1998.

Customs and Excise Matters

There is one matter pending before the High Court of Kerala for an amount aggregating approximately to Rs.5.4 million relating to payment of credit on countervailing duty.

There is one matter which ispending before the Assistant Commissioner of Customs, Cochin, for an amount aggregating approximately to Rs.7.84 million which primarily relates to the project import of a roaster plant.

There is one matter pending before the Commissioner of Appeals, Chennai, for an amount aggregating approximately to Rs.1.6 million relating to wrong assessment of diesel generating sets.

There are six matters pending before the CESTAT, Chennai for an amount aggregating to Rs.1.16 million relating to classification of items.

There is one matter pending before the Assistant Commissioner of Customs for an amount aggregating approximately to Rs.0.059 million for payment of interest on zinc concentrate which had been warehoused by BZL.

There are two Special Leave Petitions pending before the Supreme Court of India against the the order of the Central Excise Department for an amount aggregating approximately to Rs. 3.11 milion.

There is one matter pending before the High Court of Kerala against the decision of CESTAT Bangalore for an amount aggregating approximately to Rs. 2.7 million relating to payment of duty.

There is one matter pending before the Assistant, Commissioner Cochin for an amount aggregating approximately to Rs.0.143 million.

There is one matter pending before the High Court of Kerala, against an order issued by the Customs Department for an amount aggregating approximately to Rs.0.98 million relating to a dispute on transit loss shipments of zinc concentrate. .

There is one matter pending before the High Court of Kerala which has granted stay against a bond furnished for Rs. 1.25 million relating to zinc concentrate shipment towards interest on warehousing period.

Sales Tax Matters

There is one appeal pending before the Appellate Assistant Commissioner of Commercial Taxes, Palakkad, for an amount aggregating approximately to Rs.1.4 million relating to payment of entry tax on heat exchangers purchased by BZL.

There is one matter pending before the Sales Tax Appellate Tribunal for an amount aggregating approximately to Rs.0.32 million relating to levy of sales tax charged on zinc consignment lost in transit.

There is one matter pending before the Commissioner of Central Excise (Appeals) against an Order passed by the Deputy Commissioner for an amount aggregating approximatelty Rs.1.4 million relating to the alleged liability of BZL to make payment of service tax on payments made to foreign consultants.

Environment Matters

A matter is pending before the High Court of Kerala where the Edayar Environment Protection Council (“EEPC”) has alleged that BZL has contaminated the ground water supply.

There is a matter pending before the High Court of Kerala against the Kerala State Pollution Control Board for an amount aggregating approximately to Rs.0.13 million per annum from 2003 regarding revision of consent fee under the Water Act.

Labour Matters

There is one matter pending before the Labour Court, Ernakulam, relating to denial of BZL to promote a general workman.

There are two matters pending before the High Court of Kerala against the order of the Industrial Tribunal Alappuzah relating to the dismissal of two workmen.

There is one appeal pending in the High Court of Kerala against the order of the Employee State Insurance Corporation, Alappuzah for an amount aggregating approximately to Rs.0.24 million for alleged non-remittance of contribution on omitted wages.

Others

The Joint Commissioner (Appeals) had issued show cause notice to the Company and after adjudication, decided case against the Company. The case involves Cenvat taken on service tax credit on selling commission of Rs. 1.349 Million. The Company is in process of filing appeal before the Commissioner of Appeals and has time till June 26, 2007 to file the said appeal.

Litigation by BZL:

There is one matter pending before the State Consumer Disputes Redressal Forum Ernakulam against New India Assurance Company Limited, for an amount aggregating approximately Rs.2 million relating to refund of insurance premium.

2. GGFL

Litigation against GGFL

Criminal Matters

There is one special criminal matter pending before the Additional District and Sessions Court, Panaji, Goa regarding power subsidy that has been availed by GGFL. The application for discharge has been dismissed by the Court and the case has been adjourned for framing of charges. One of the parties in the proceedings before the District Court has obtained an order of stay from the High Court of Bombay at Goa and the matter has been adjourned.

There is one criminal matter pending before the District & Sessions Court, Panaji, Goa relating to the dumping by GGFL of its industrial waste in an open space.

Civil Cases

There is one matter pending before the Civil Court, Bicholim regarding alleged dumping of undrawn waste glass on private property by GGFL.

Labour Matter

There is one matter pending before the Industrial Tribunal, Goa which was referred to the Tribunal for adjudication by Government of Goa with respect to establishing reasons for non-employed status of certain workmen who were previously employed by GGFL.

Litigation by GGFL

Civil Matters

A special leave petition and writ petition is pending before the Supreme Court of India against the judgment of the High Court of Bombay at Goa and also against recovery notices served by the Government of Goa on GGFL for an amount aggregating approximately to Rs.17 million relating to payment for energy consumption which was previously subsidized to the extent of 25% by the Government of Goa.

There are two special leave petitions, pending before the Supreme Court of India against an order of the High Court of Bombay at Goa refusing benefit of energy consumption rebate by Government of Goa to GGFL.

There is one special leave petition pending before the Supreme Court of India against the judgement of the Division Bench of the High Court of Bombay at Goa where a notification issued by the Government of Goa in 1996 allowing 25% subsidy/rebate in energy consumption to indisutrial units in Goa was struck down by the High Court as being void.

There is one matter pending before the Supreme Court of India against the Government of Goa for issuing a recovery notice for dues for an amount aggregating approximately to Rs.11.1 million for subsidies availed by GGFL in pursuant to an energy consumption subsidy notification issued by the Government of Goa in 1996 and subsequently revoked in 1998.

Labour Matters

There are five matters pending before the Industrial Tribunal, Goa relating to applications for approval with respect to dismissal of workmen who were suspended pending enquiry into sabotaging of operations, trade union activities within plant premises and threats to contract labour employed by GGFL .

There is one matter pending before the Industrial Tribunal Goa relating to application for approval of dismissal of a workman on account of absenteeism.
There are five matters pending before the Industrial Tribunal, Goa seeking permission to take disciplinary action against five workmen who had instigated other workmen to go on strike.

3. BML

Litigation against BML

Civil Matters

There is an appeal pending before the High Court of Bombay filed by the Employee State Insurance Corporation for damages aggregating approximately to Rs.0.039 million claimed against BML for delayed payment of contribution.

There is one suit pending before the High Court of Bombay against an order of the Joint Chief Controller of Imports and Exports for forfeiting a bank guarantee aggregating approximately to Rs.8.9 million which was provided by BML on behalf of a firm.

There is one appeal pending before the the High Court of Bombay against an order passed by the Industrial Court directing BML to pay an amount aggregating approximately to Rs.0.67 million to the Employee State Insurance Corporation.

There is one writ petition pending before the High Court of Bombay against a demand by the Bombay Port Trust, for demurrage charges aggregating approximately to Rs.4.2 million in respect of seven imported consignments of copper cathodes which have been detained by the Custom Authorities until the payment of demurrage charges.

There is one writ petition pending before the High Court of Bombay against the Bombay Port Trust for wrongful encashment of a bank guarantee aggregating approximately to Rs.0.31 million which was issued by BML in favour of the Bombay Port Trust.

The Bombay Port Trust has filed a suit in the High Court of Bombay for recovery of demurrage charges from BML aggregating approximately to Rs.1.4 million towards import of a consignment of marble slabs.

There is one writ petition pending before City Civil Court at Kolkata against BML for vacating godown premises which was given on licence basis. Calcutta Port Trust, the owner of the premises has been made party to the suit aggregating to Rs. 1.8 million.

Sales Tax Matters

There is one appeal pending before Sales Tax Tribunal against a revision order of the Additional Commissioner of Sales Tax, Bombay Zone, on the grounds that the revision was made after a span of eight years from expiry the sales tax assessment period.

Income Tax Matters

There are two appeals pending before the Income Tax Appellate Tribunal filed by the Income Tax Department against an order of Commissioner of Income Tax (Appeals) for an amount aggregating approximately to Rs.6.02 million for assessment years 1996-97 and 1997-98 for disallowing lease rental on assets against which depreciation was claimed by BML.

There is an appeal pending before the Income Tax Appellate Tribunal against an order of Commissioner of Interest Tax (Appeals) for assessment year 2002-03 for an amount aggregating approximately to Rs. 3.5 million for disallowing loss on trading of shares,valuation of shares and interest charged under section 234B and under section 234D of the Income Tax Act.

The Income Tax Department has filed an appeal before the ITAT against certain deductions amounting to Rs. 23.33 million allowed to the Company by CIT(A) for assessment year 2002-03.

The company has filed an appeal before CIT(A) against certain disallowances amounting to Rs. 3.23 million made by the Assessing Officer for the assessment year 2004-05.

Litigation by BML

Criminal Matters

There is one case pending before the Court of Judicial Magistrate, First Class at Panvel, Mumbai for an amount aggregating approximately to Rs.0.679 million relating to dishonour of cheques issued towards purchase consideration for high grade zinc supplied by BML.

Civil Matters

There is one summary suit pending before the High Court of Bombay for an amount aggregating to Rs.0.5 million to nonpayment of dues according to terms of a financing agreement.

Income Tax Matters

There is one appeal pending before the Commissioner of Income Tax (Appeals) against an assessment order dated December 12, 2006 for assessment year 2004-05 aggregating approximately Rs. 3.20 million.

Income Tax related matters of the other Promoter Group Companies:

Block Assessment under section 158BC of the IncomeTax Act has been completed by the Assessing Officer in respect of the following seven companies namely,

- Ace Portfolio and Finance Private Limited.
- Lexus Holding and Finance Private Limited.
- Manjushree Holdings Private Limited.
- Vijayshree Holdings Private Limited.
- Triton Trading Co. Private Limited.
- Miracle Securities Private Limited.
- Miracle Composites Private Limited.

with further additions and claims for penalty being made by the Assessing Officer. The aforesaid companies filed appeals with the Commissioner of Income Tax (Appeals) who deleted the said additions and penalty claims. The Income Tax Department has filed an appeal before the Income Tax Appellate Tribunal against the decision of Commissioner of Income Tax (Appeals). The Income Tax Appellate Tribunal has passed orders in respect of the following companies deleting the additions and penalty claims:

- Ace Portfolio and Finance Private Limited
- Lexus Holding and Finance Private Limited
- Triton Trading Co. Private Limited
- Miracle Securities Private Limited
- Miracle Composites Private Limited

The decision in respect of Manjushree Holdings Private Limited and Vijayshree Holdings Private Limited is pending. Further. all the above companies have also received notices under section 143 for the assessment year 2005-06.

4. Litigation involving WIEL

The Registrar of Companies, West Bengal has issued a show cause notice dated February 14, 2007 to WIEL in relation to violation of the provisions of the Companies Act in the balance sheet and the profit and loss account of WIEL for the period ending March 31, 2006. The matter is currently pending.

5. Litigation involving BTCL: NIL

6. Litigation involving R. B. G. Minerals Industries Limited : NIL

7. Litigation involving Ess Vee Alloys Private Limited: NIL

8. Litigation involving Binani Mazak Private Limited : NIL.

9. Litigation involving Sambhaw Holdings Limited: NIL

9. Litigation involving Asian Industry and Information Services Limited : NIL.

10. Litigation involving K.B. Vyapar Limited: NIL

12. Litigation involving Suryamukhi Vintrade Pvt. Limited: NIL

13. Litigation involving Miracle Securities Pvt. Limited: NIL

14. Litigation involving Miracle Composites Pvt. Limited: NIL

GOVERNMENT APPROVALS

Based on the approvals listed below, the Company is entitled to undertake its current business activities, as well as make and implement the Offer, and no further major approvals are required from any governmental or regulatory authority for this Company to continue our current business activities.

All approvals obtained by the Company are valid and subsisting as on the date of this Prospectus.

APPROVALS FOR THE OFFER

The Company has received the following approvals relating to the Offer:

The Board of Directors of JPMSSM by its resolution dated October 9, 2006 has approved the sale by JPMSSM of 20,500,000 Equity Shares. The Board of Directors of the Company has, by its resolution dated October 27, 2006, issued its no-objection to the Offer being made by the Selling Shareholder to the public. The Board of Directors of the Company. It has authorized a committee to take decisions relating to the Offer on its behalf

Pursuant to the Circular bearing no. A.P. (DIR Series) Circular No.16 dated October 9, 2004, issued by RBI, GoI has decided to dispense with the requirement of obtaining prior FIPB approval in respect of transfer of shares, by way of sale, from residents to non-residents (including transfer of subscriber's shares) of an Indian Company in sectors other than financial service sector (i.e. Banks, NBFCs and Insurance) provided that (i) the activities of the invested company are under automatic route under the FDI Policy; (ii) such transfer does not attract the provisions of the SEBI Takeovers Regulations; (iii) the non-resident shareholding after the transfer, complies with the sectoral limits under the FDI Policy ; and (iv) the price at which the transfer takes place is in accordance with the pricing guidelines prescribed by SEBI/RBI. In the Offer, all the above conditions are met with, and there is no requirement to obtain any prior approval of FIPB.

The Company has received a "no objection" letter from RBI for the transfer of the Equity Shares to FIIs, NRIs and other permitted persons through the Offer pursuant to its letter no. FE.CO.FID/12096/10.21.047/2006-07 dated December 4, 2006. The approval is subject to compliance with certain conditions/filing requirements. Thus, it will not be necessary for the investors to seek separate permission from the RBI for this specific purpose. However, it is to be distinctly understood that there is no reservation for NRIs and FIIs and all NRI and FII application will be treated on the same basis with other categories for the purpose of Allocation.

APPROVALS FOR THE BUSINESS

As of the date of this Prospectus, the following major government and other approvals have been obtained in respect of the Company's business:

The Company has been granted Importer-Exporter Code No. 0398058334 by Joint Director Genral of Foregin Trade, dated January 12, 1999.

Existing Unit

S.No.	Act/Rules/ notification	Description of Permit/Licence/Registration	Regulatory /Issuing Authority	Licence/Registration/ Consent No., if any	Date of Issue	Valid Upto
1	Rajasthan Factories Rules, 1951	Registration and Licence to Work a Factory	Chief Inspector of Factories Jaipur	Registration No. RJ/22336 S.No. 28554 DT: 19.02.99	March 28, 2001	March 31, 2007*
2	Rajasthan Factories Rules, 1951	Drawings Approval for for 1. Plant layout; 2. Buildings of Cement Manufacturing Plant; 3. Packing Plant, 4. Workshop and Water Treatment	Chief Inspector. of Factories Jaipur	Letter No. P-10167, CIFB/ Plan/ 95/ 573	February 18, 1997	Valid until cancelled

S.No.	Act/Rules/ notification	Description of Permit/Licence/Registration	Regulatory /Issuing Authority	Licence/Registration/ Consent No., if any	Date of Issue	Valid Upto
		Plant, Stores; 5. Diesel Filling Station; 6. Time Office; 7. Adminstrative building; 8. Electrical Sub-station and Load Centers; 9. Canteen; 10. Fire Hydrant System;				
3	Rajasthan Factories Rules, 1951	Certificate of Stability, certifying that all buildings are in accordance with the plans approved by the Chief Inspector of Factories in his Letter No. P-10167/CIFB/Plan/95/573.	Competent person under Rajasthan Factories Act, 1948		February 21, 1997	Valid until cancelled
4	Rajasthan Factories Rules, 1951	Drawings Approval for Power Generation	Chief Inspector. Of Factories Jaipur	Letter No. P-10167, CIFB/ Plan/ 95/ 1173	July 3, 2000	Valid until cancelled
5.	Rajasthan Factories Rules, 1951	Certificate of Stability, certifying that all buildings are in accordance with the plans approved by the Chief Inspector of Factories in his Letter No. P-10167/CIFB/Plan/95/1173	Competent person under Rajasthan Factories Act, 1948		July 22, 2003	Valid until cancelled.
6.	Rajasthan Factories Rules, 1951	Drawings Approval for 1. Sales and Despatch Office; 2. Fire Room, Hydrant System Pump House; 3. Rest Room, Toilets and Urinals;	Chief Inspector. Of Factories Jaipur	Letter No. P-10167, CIFB/ Plan/ 95/ 914	May 31, 2000	Valid until cancelled
7.	Rajasthan Factories Rules, 1951	Certificate of Stability Test of Buildings certifying that all buildings	Competent person under Rajasthan		July 22, 2000	Valid until cancelled

S.No.	Act/Rules/ notification	Description of Permit/Licence/Registration	Regulatory /Issuing Authority	Licence/Registration/ Consent No., if any	Date of Issue	Valid Upto
		are in accordance with the plans approved by the Chief Inspector of Factories in his Letter No P-10167/CIFB/Plan/95/914.	Factories Act, 1948			
8.	Rajasthan Factories Rules, 1951	Drawing approval from Chief Inspector of factories for 1. Fly Ash circuit PPC; 2. UBC circuit-Cooler house; 3. Fire Hydrant system;	Chief Insp. of Factories Jaipur	Letter No P-10167,CIFB/ Plan/95/7659	November 28, 2002	Valid until cancelled
9.	Rajasthan Factories Rules, 1951	Certificate of Stability Test of Buildings certifying that all buildings are in accordance with the plans approved by the Chief Inspector of Factories in his Letter No P-10167/CIFB/Plan/95/7659.	Competent person under Rajasthan Factories Act, 1948		February 1, 2003	Valid until cancelled
10.	Contract Labour (R&A) Act, 1970	Registrationt for setting up cement plant at Binanigram	Asstt. Labour Commissioner (Central), Ajmer	Certificate of Registration AJ(R)/13/95	September 22, 1995	Valid until cancelled
11.	Provident Fund Act, 1952	Allotment of Provident Fund Code No. RJ/8617	Regional Provident Fund Commissioner, Jodhpur	ENF III/cov/RJ/8617/ 3323	July 17, 1997	Valid until cancelled
12.	Income Tax Act, 1961	Recognition to Binani Cement Managerial and Staff Provident Fund Trust	Income Tax Commissioner, Jodhpur	Letter No. 2484	November 19, 1999	Valid until cancelled
13	Bureau of Indian Standards Act, 1986	Bureau of Indian Standard Licence for OPC 43 Grade Cement.	Director and HeadBureau of Indian Standards, Jaipur	CM/L-8214160	September 22, 1997	June 30, 2008
14.	Bureau of Indian Standards Act, 1986	Bureau of Indian Standard Licence for OPC 53 Grade Cement	Director and HeadBureau of Indian Standards	CM/L-8214059	September 22, 1997	June 30, 2008

S.No.	Act/Rules/ notification	Description of Permit/Licence/Registration	Regulatory /Issuing Authority	Licence/Registration/ Consent No., if any	Date of Issue	Valid Upto
			, Jaipur			
15.	Bureau of Indian Standards Act, 1986	Bureau of Indian Standard Licence for PPC Grade Cement	Director and Head Bureau of Indian Standards , Jaipur	CM/L-8492592	April 16, 2007	March 31, 2009**
16.	Atomic Energy Act, 1962	Procurement of Di-Lithium Tetra Borate from licensed suppliers for handling and use.	Deptt. Of Atomic Energy, Mumbai	7/1(C00114) /2004-/PSU/ LPRO/DLT-04289	November 16, 2004	October 31, 2007
17.	The Air (Prevention and control of Pollution) Act 1981	Consent to operate Cement Plant	Member Secretary, Rajasthan Pollution Control Board	F.5.(SR-32) RPCB/Gr.II/3287	October1, 2004	June 12, 2007
18.	The Air (Prevention and control of Pollution) Act 1981 The Water (Prevention and control of Pollution) Act, 1974	Consent to operate Amli Mines	Member Secretary, Rajasthan Pollution Control Board	F.5.(SR-47) RPCB/Gr.II/4715	January 24, 2005	September 30, 2007
19.	The Air (Prevention and control of Pollution) Act 1981 The Water (Prevention and control of Pollution) Act, 1974	Consent to operate Thandeberi Mines	Member Secretary, Rajasthan Pollution Control Board	F.5.(SR-47) RPCB/Gr.II/4719	January 24, 2005	September 30, 2007
20.	The Air (Prevention and control of Pollution) Act 1981 The Water (Prevention and control of Pollution) Act, 1974	Consent to operate Thermal Power Plant at Amli	Member Secretary, Rajasthan Pollution Control Board	F.5.(SR-44) RPCB/Gr.II/1053	May 24, 2005	March 31, 2008
21	The Water (Prevention and control of Polltuion) Act. 1974	Consent to operate - Cement Plant	Member Secretary, Rajasthan Pollution Control Board	F.5.(SR-32) RPCB/Gr.II/3277	October 1, 2004	June 12, 2007

S.No.	Act/Rules/ notification	Description of Permit/Licence/Registration	Regulatory /Issuing Authority	Licence/Registration/ Consent No., if any	Date of Issue	Valid Upto
22.	The Environment (Protection) Act.1986	Environmental Clearance for Cement Plant	Joint Director, Ministry of Environment and Forests	J-11011/40/95-IA-II(I)	April 25, 1996	Valid until cancelled
23.	The Environment (Protection) Act.1986	Environmental Clearance for Mines at Amli, Thandeberi	Additional Director (S) Ministry of Environment and Forests	J-11015/3/95-IA-II(M)	April 23, 1996	Valid until cancelled
24.	The Metalliferous Mines Regulations, 1961	Permission for open cast mining at Amli limestone mine.	Directorate of Mines Safety, Udaipur Region	UR/132	January 8, 1997	Valid until cancelled
25.	The Metalliferous Mines Regulations, 1961	Permission for open cast mining at Thandeberi limestone mine.	Directorate of Mines Safety, Udaipur Region	UR/510	January 30, 1997	Valid until cancelled
26.	The Metalliferous Mines Regulations, 1961	Permission for use of pumpable explosive and bulk loading system with emulsion ANFO mix explosives at Amli	Directorate of Mines Safety, Udaipur Region	UR/3975	October 22, 1997	Valid until cancelled
27.	The Metalliferous Mines Regulations, 1961	Permission for use of pumpable explosive and bulk loading system with emulsion ANFO mix explosives at Thandeberi.	Directorate of Mines Safety, Udaipur Region	UR/709	February 11, 1997	Valid until cancelled
28.	Indian Explosive Rules 1983	Licence to possess and use explosives under Indian Explosives Act, 1884.	Joint Chief Controller of Explosives , Faridabad	RA1523/E	November 3, 2003	March 31, 2009
29.	Indian Explosive Rules 1983	Licence to possess and use explosives under Indian Explosives Act.	Controller of Explosives , (NC), Faridabad	RA-1170/E	March 3, 2000	March31, 2009
30.	Indian Explosive Rules 1983	Licence to possess and use explosives under Indian Explosives, Act, 1884.	Controller of Explosives Faridabad	RA-1171/E	March 3, 2000	March 31, 2009
31.	Indian Explosive Rules 1983	Licence to transport explosives by road van under Indian Explosives Act, 1884	Controller of Explosives , Faridabad	RA-1115/E	July 16, 1999	March 31, 2009
32.	Indian Explosive Rules 1983	Licence to manufacture ANFO explosive	Controller of Explosives , Faridabad	RA-985/E	September 2, 1997	March 31, 2007***

S.No.	Act/Rules/ notification	Description of Permit/Licence/Registration	Regulatory /Issuing Authority	Licence/Registration/ Consent No., if any	Date of Issue	Valid Upto
33.	Mineral Conservation and Development Rules, 1988	Approval of mines plan in respect of Amli Mines	Controller of Mines (North), Indian Bureau of Mines, Ajmer.	584 / (6) / (3) / (229)/2005Ajmer	August 17, 2005	August 16, 2012
34.	Mineral Conservation and Development Rules, 1988	Approvalof mines plan in respect of Thandiberi Mines.	Controller of Mines (North), Indian Bureau of Mines, Ajmer.	584 / (6) / (3) / (230)/2005-Ajmer	August 17, 2005	August 16, 2012
35.	Indian Electricity Rules, 1956	Permission for electrical installations for crusher and sub-station at Amli	DeputyDirector (Electrical), North Zone, Ajmer	Dy.Dir(Elect.)/NZ/Ajmer/2429	May 15, 1997	Valid until cancelled
36.	Petroleum Act 1934	Import and Store of 70 KL petroleum Class B in bulk	Deputy. Chief Controller of Explosives, Jaipur	P/HQRJ15551(P5304)	November 26, 1997	December 31, 2007
37.	Petroleum Act 1934	Storage of 40 KL of petroleum Class B	Deputy. Chief Controller of Explosives, Jaipur	P/NC/RJ/14/1485(PI69018)	January 7, 1997	December 31, 2008
38.	Weight and Measure Act 1985	1. 80 MT x 2 Electronic Road Weigh Bridges; 2. 500 Kg Weighing Scale; 3. 20 Kg x 375 CI weights	Inspector, Weights and Measure Department.	4560/99	April 7, 2007	October 28, 2007
39.	Indian Electricity Rules 1956	Permission for installation of DG mobile lighting tower at Amli Mines	Director General Mines Safety,Ajmer	DD)E)/NZ/3825	November 21, 2005.	Valid until cancelled
40.	Indian Electricity Rules 1956	Permission to energize transformer	Electrical Inspectorate, Jodhpur	Letter No.2	January 6 1997	Valid until cancelled
41.	Indian Electricity Rules 1956	Permission to energize transformers	Electrical Inspectorate, Jodhpur	Letter No.19	January 20 1997	Valid until cancelled
42.	Indian Electricity Rules 1956	Permission to energize transformers	Electrical Inspectorate, Jodhpur	Letter No.693	July 16 1997	Valid until cancelled
43.	Indian Electricity Rules 1956	Permission to energize transformer	Electrical Inspectorate, Jodhpur	Letter No.695	July 16 1997	Valid until cancelled

S.No.	Act/Rules/ notification	Description of Permit/Licence/Registration	Regulatory /Issuing Authority	Licence/Registration/ Consent No., if any	Date of Issue	Valid Upto
44.	Indian Electricity Rules 1956	Permission to energize transformer	Electrical Inspectorate, Jodhpur	Letter No.749	August 2, 1997.	Valid until cancelled
45.	Indian Electricity Rules 1956	Permission to energize transformers	Assistant Electrical Inspector, Sirohi (Raj.)	Letter No.674	August 6, 1997.	Valid until cancelled
46.	Indian Electricity Rules 1956	Permission to energize Thermal power generator plant	Electrical Inspectorate, Jodhpur	Letter No.1531	November 6, 1998.	Valid until cancelled
47.	Weight and Measure Act 1985	Calibration of Weighing machines fixed on Packers.120 Kg Cap. 3 Nos, Calibration of 3 Nos Roto Packers having 12 Nozzels each, Calibration of Electronic Counter Mech. Sl. No EB 971B163 Cap. 600 Gms 1 No	Inspector, Weights and Measure Department.	4560/99	September 10, 1999	April 7, 2007****
48.	Central Excise Act 1944	Registration Certificate for manufacturing of excisable goods.	Assistant Commissioner, Central Excise, Jodhpur.	Registration No. AABCB3087C X M 001	May 29, 2003.	Valid until cancelled
49.	Service Tax	Registration Certificate for payment of service tax	Service Tax, Range Officer, Jodhpur.	NRI/365/1/ST/CER/JDR/04	September 3, 2004.	Valid until cancelled
50.	Central Sales Tax Act 1956	Certificate of Registration as delaer under Section 7 of Central Sales Tax Act, 1956.	Sales Tax Officer, Sirohi	CST/2542/01290(Central)	November 28, 1998	Valid until cancelled
51.	Rajasthan Sales Tax Act 1994	TIN under Rajasthan Sales Tax Act 1954.	Sales Tax Officer, Sirohi.	RST/2542/01290	November 28, 1998	Valid until cancelled
52.	The Rajasthan Tax on Entry of Goods into Local Areas Act 1999	Registration Certificate as a delaer	Sales Tax Officer Sirohi	RET/2542/NO-223	December 4, 2002.	Valid until cancelled
53.	Haryana Value added TaxAct, 2003	Registration Certificate under Section 11 of Haryana Value added TaxAct, 2003	Assessing Authority, Gurgaon (West)	TIN No. 06791920072	April1, 2003.	Valid until cancelled
54.	Punjab Value Added Tax Act,2005	Registration Certificate under Punjab Value Added Tax Act, 2005	ETO, Designated Officer, Bhatinda.	Registration No. 03671079828	May 13, 2005	Valid until cancelled

S.No.	Act/Rules/ notification	Description of Permit/Licence/Registration	Regulatory /Issuing Authority	Licence/Registration/ Consent No., if any	Date of Issue	Valid Upto
55.	Uttar Pradesh Trade Tax Act	Registration Certificate	Trade Tax Officer, Ghaziabad	GD 0388805	July 19, 1997.	Valid until cancelled
56.	Central Sales Tax Act 1956	Registration Certificate (UP-CST)	Trade Tax Officer, Ghaziabad	GD 5314818	May 1, 1997.	Valid until cancelled
57.	Uttar Pradesh Sales Tax Rules, 1948	Registration Certificate (Uttaranchal)	Sales Tax Officer, Roorkee	RK 0126 848	Febriary 6, 2001.	Valid until cancelled
58.	Central Sales Tax Act 1956	Registration Certificate (Uttaranchal)	Sales Tax Officer, Roorkee	RK 5064702	January 24, 2001.	Valid until cancelled
59.	Jammu and Kashmir General Sales Tax Act, 1962	Registration as a dealer	Assessing Authority,	105/93/-E	July 24, 1998.	Valid until cancelled
60.	Delhi Sales Tax Act,1975	Allocation of TIN	Sales Tax Officer, New Delhi	LC/098/7950195744/0697	October 20, 2003	Valid until cancelled
61.	Central Sales Tax Act 1956	Registration Certificate (Chandigarh-CST)	Chandigarh Administration Excise and Taxation deptt.	CST/17147	August 2, 1997	Valid until cancelled
62.	Central Sales Tax Act 1956	TIN (Gujarat -CST)	Sales Tax Officer(I), Ahmedabad	Certificate No.24573300083	September 21, 2005	Valid until cancelled
63.	Gujarat Sales Tax Act,1969	VAT Registration Certificate.	Sales Tax Officer(I), Ahmedabad	VAT Registration No. (TIN) 24073300083	September 21, 2005.	Valid until cancelled
64.	SIA Regulation , Ministry of Industry, Governmentt. of India	Acknowledgement of Memorandum of Manufacture	SIA, Enterpreneurial Assistance Unit, Ministry of Industry, Government. of India	Letter No.82/SIA/IMO/99	January 13, 1999.	Valid until cancelled
65.	Income Tax Act, 1961.	Permanent Account No.(PAN) AABCB3087C	Deputy Commissioner of Income Tax, Calcutta	Letter No. CCIT/JCIT/Hqrs (S &T) PAN-99-2000.	May 24, 2000	Valid until cancelled
66.	Income Tax Act, 1961	Tax Deduction Account No.(TAN) AGRB10466B	Income Tax Officer, Sirohi	Ref no. 502010208/TAN/0000/2301.	April 21, 2004.	Valid until cancelled
67.	Income Tax Act	Tax Deduction Account No.(TAN)	Income Tax Officer, Ahmedabad	AHMB00264F	July 2, 2001.	Valid until cancelled

S.No.	Act/Rules/ notification	Description of Permit/Licence/Registration	Regulatory /Issuing Authority	Licence/Registration/ Consent No., if any	Date of Issue	Valid Upto
68.	Indian Wireless Act, 1933	Permission to Use radio communication for handling operational traffic relating to production and distribution.	Assistant Wireless Advisor, Ministry of communication	P-2163/1-10	April 30, 1997.	June 30, 2007.
69.	Indian Wireless Act, 1933.	Permission to Use EOT Cranes.	, Assistant Wireless Advisor, Ministry of communication	EOT-44/1-2	July 19, 2004	June 30, 2008.
70.	Indian Boilers Act, 1923	Certificate for Registration of Boiler. Registration No. RJ/1006.	Chief Inspector of Factories and Boilers, Jaipur	Letter No. 3351/CIB/99	November 10, 1999.	Valid until cancelled
73.	Indian Boilers Act, 1923.	Certificate for use of boiler.	Chief Inspector of Factories and Boilers, Jaipur.	Registry No. RJ/1006	October 31, 2006	September 28, 2007
71.	Atomic Energy Act, 1962	Permission to import radioactive material	Atomic Energy Regulation Board	AERB/RSD/NG/NR/238/1201/2001	February 26, 2001	Valid until cancelled
72.	Atomic Energy Act, 1962	Permission to import radioactive material	Atomic Energy Regulation Board	AERB/rsd/ng/247/2004/1546	February 17, 2004	Valid until cancelled
73.	Atomic Energy Act, 1962.	NOC to import radio active isotope to be used in gamma-metrics analyzer.	Head, Radiologocal Physics and Advisory Division.	AERB/RSD/NG/NR238A/2006/11672	November 22, 2006	Valid for one year
74.	Hazardous Wastes (Management & Handling) Rules, 1989	Authorisation for collection/storage and disposal of hazardous. waste	Member Secetary, Rajasthan Pollution Control Board	F.16.(SR-12)HAZ/RPCB/Gr.II/7016	November 24, 2006	Valid till October 30, 2009
75.	Press Notes	Pursuant to the provisions of Press Note No.6 and Press Note No. 17 the Company has filed its Industrial Entrepreneur Memorandum and has received an acknowledgement for the same.	SIA, Ministry of Commerce and Industry, Public Relations and Complaints Section, New Delhi.	3202/SIA/IMO/2005	July 6, 2005.	Valid until cancelled

S.No.	Act/Rules/ notification	Description of Permit/Licence/Registration	Regulatory /Issuing Authority	Licence/Registration/ Consent No., if any	Date of Issue	Valid Upto
76.	Hazardous Wastes (Management & Handling) Rules, 1989	Authorisation for use of sludge of common effluents treatment plants	Member Secretary, Rajasthan Pollution Control Board	F.16(SR-12)HAZ/RPCB/ Gr.II/11202	February 7, 2007	August 1, 2007

Consent/ Approvals for Expansion Project:

S.No.	Act/Rules/notification	Description of Permit/Licence/ Registration	Regulatory / Issuing Authority	Licence/Registration/ Consent No., if any	Date of Issue	Valid Upto
1	The Air (Prevention and control of Pollution) Act 1981. The Water (Prevention and control of Pollution) Act, 1974	Consent for proposed expansion of Cement Plant and Cpative Thermal Power Plant.	Member Secretary, Rajasthan State Pollution Control Board	F-5(SR-100)RPCB/Gr.II/ 2272	July 3, 2006.	July 3, 2009.
2	The Air (Prevention and control of Pollution) Act 1981. The Water (Prevention and control of Pollution) Act, 1974 and Environment Protection Act, 1986	NOC for Amli Limestone Mine for enhancing the existing production capacity.	Member Secretary, Rajasthan State Pollution Control Board	F-5(SR-107)RPCB/Gr.II/ 5996	January 7, 2006	January 7, 2009.
3	The Air (Prevention and control of Pollution) Act 1981. The Water (Prevention and control of Pollution) Act, 1974 and Environment Protection Act, 1986	NOC for Thandiberi Limestone Mine for enhancing the existing production capacity.	Member Secretary, Rajasthan State Pollution Control Board	F-5(SR-47)RPCB/Gr.II/5997	January 7, 2006	January 7, 2009
4	Environment Protection Act, 1986	Approval for abstraction of ground water in respect of proposed expansion of the cement plant and captive thermal power plant.	Member Secretary, Central Ground Water Auhtority, New Delhi	No. 21-4 (28)/WR/CGWA /05-866	May 22, 2006.	May 22, 2008.
5.	Environment Protection Act, 1986	Accords environmental clearance for the	Additional Director, Ministry of	Letter no. F.No. J-11011/66/2006-	May 18, 2006.	Valid until cancelled

S.No.	Act/Rules/notification	Description of Permit/Licence/ Registration	Regulatory / Issuing Authority	Licence/Registration/ Consent No., if any	Date of Issue	Valid Upto
		expansion of cement plant and captive thermal power plant.	Environment and Forests	IA II (I)		

***** The Company has made an application for renewal of Factory Licence No: RJ/22336 for a further period of two years i.e. from April 1, 2007 to March 31, 2009 through letter no. BCL/P&A/35/2007/841 dated January 22, 2007 to the Chief Inspector of Factories and Boilers, Jaipur, Rajasthan.

******* The Company has made an application for renewal of licence to manufacture ANFO explosive to the Controller of Explosives, Faridabad.

******** The Company has made an application for renewal of licence for calibration of weighing machines fixed on packers (three packers with capacity of 120 kgs), roto packers (three roto packers with twelve nozzles each) and one electronic counter mechanism (Serial No. EB 971B163 with capacity of 600 gms) to the Inspector, Weights and Measure Department.

Pending Approvals

There are no pending approvals.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Board of Directors of the Selling Shareholder have, pursuant to a resolution passed at its meeting held on October 9, 2006, passed a resolution authorising and approving the sale of 20,500,000 Equity Shares held in the Company.

The Company has authorized the Offer being made by the Selling Shareholder through a resolution passed by the Board at its meeting held on October 27, 2006.

Prohibition by SEBI

The Company, its Directors, its Promoter, the Promoter Group entities, and companies/entities with which its Directors are associated as directors/promoters and the Selling Shareholder, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Prohibition by RBI

The Company, its Directors, its Promoter, the Promoter Group entities, and companies/entitites with which its Directors are associated as directors/promoters and the Selling Shareholder are currently not detained as willful defaulters by RBI or any other governmental authorities except as stated in this Prospectus

Eligibility for the Offer

The Company is eligible for the Offer as per Clause 2.2.1 of the SEBI Guidelines

Clause 2.2.1 of the SEBI Guidelines states as follows:

"An unlisted company may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets all the following conditions:

(a) The company has net tangible assets of at least Rs. 30 million in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets:

Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project;

(b) The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;

Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956;

(c) The company has a net worth of at least Rs. 10 million in each of the preceding 3 full years (of 12 months each);

(d) In case the company has changed its name within the last one year, atleast 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name; and

(e) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue networth as per the audited balance sheet of the last financial year".

The Company satisfies the eligibility criteria under clause 2.2.1 of the SEBI Guidelines as explained below:

- The Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;

- The Company has a track record of distributable profits as per Section 205 of Companies Act for at least three out of the immediately preceding five years;

- The Company has a pre-Offer net worth of not less than Rs. 10 million in each of the three preceding full years (of 12 months each);

- The Company has not changed its name during the last one-year.

- The proposed Offer size does not exceed five times the pre-Offer net worth as per the audited accounts for the year ended March 31, 2006;

The distributable profits as per Section 205 of the Companies Act and net worth for the last five years as per the Company's restated financial statements are as under:

	(Rs. in million)				
	Fiscal 2006	**Fiscal 2005**	**Fiscal 2004**	**Fiscal 2003**	**Fiscal 2002**
Distributable Profits(1)	517.84	20.52	34.67	2.28	51.06
Net Worth(2)	2400.66	2229.15	2208.63	2173.96	2841.68
Net Tangible Assets (3)	7880.43	7238.41	6344.21	6251.86	6520.65
Monetary Assets(4)	1027.59	88.14	88.21	146.36	164.89
Monetary Assets as a % of Net Tangible Assets	13.04	1.2	1.39	2.34	2.53

(1) Distributable profits = Net Profit as restated excluding Extraordinary items (net).

(2) Net Worth = (shareholders funds + share capital + reserves and surplus) - miscellaneous expenditure not written off.

(3) Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), investments, current assets excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities), net of provision for diminution in value.

(4) Monetary assets shall comprise cash and bank balances

Further, the Issue is subject to the fulfillment of the following conditions as required by SCRR:

- A minimum 2,000,000 Equity Shares (excluding promoters contribution) are offered to the public;

- The Offer size which is the Offer Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and

- The Issue is made through the Book Building method with allocation of 60% of the Offer size to QIBs as specified by SEBI.

Further in accordance with clause 2.2.2A of the SEBI Guidelines the Company and the Selling Shareholder shall ensure that the number of allottees, i.e., persons receiving Allotment in the Offer shall be at least 1,000 otherwise; the entire application money will be refunded forthwith. In case of delay, if any, in refund, the Selling Shareholder shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Disclaimer Clause

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. "IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE RED HERRING PROSPECTUS OR THE PROSPECTUS HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE BRLM AND CBRLM HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRINGPROSPECTUS, THE BRLM IS EXPECTED TO EXERCISE DUE

DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLM HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 10, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,

WE CONFIRM THAT:

A. THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;

B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID OFFER AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

C. THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER.

(III) BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

(IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY AND THE SELLING SHAREHOLDER FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLM AND CBRLM, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS".

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of section 60B of the Companies Act. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of section 56, section 60 and section 60B of the Companies Act.

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Disclaimer Statement from the Company, the Selling Shareholder, BRLM and CBRLM

Investors that bid in this Offer will be required to confirm and will be deemed to have represented to the Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not issue, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Caution

The Company, the Selling Shareholder, the Directors, the BRLM and CBRLM accept no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information would be doing so at his or her own risk.

The BRLM and CBRLM accept no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into among the Selling Shareholder, the Underwriters and the Company and the Memorandum of Understanding among the Selling Shareholder, BRLM, CBRLM and the Company dated November 10, 2006.

All information shall be made available by the Company, BRLM, CBRLM and the Selling Shareholder to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres.

The Company shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer In Respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to Eligible NRIs and FIIs). This Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Mumbaii, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act, 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with applicable laws of such jurisdiction.

Disclaimer Clause of NSE

As required, a copy of the Red Herring Prospectus has been submitted to the NSE. NSE has vide its letter no. NSE/LIST/34120-8 dated November 29, 2006, given permission to the Company to use the Exchange's name in this Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalisation .The NSE has scrutinized the Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoter, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of BSE

The BSE has, vide its letter bearing no. DCS/IPO/MT/IPO-IP1/119/2006 dated December 1, 2006, given permission to the Company to use the BSE's name in this Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The BSE has scrutinised the Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The BSE does not in any manner:-

i) warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; or

ii) warrant that this Company's securities will be listed or will continue to be listed on BSE; or

iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that the Red Herring Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus has been filed with SEBI at Corporation Finance Department SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E),Mumbai 400 021.

A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act was delivered for registration to the RoC and a copy of this Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC at the office of the Registrar of Companies, West Bengal at Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4, A.J.C. Bose Road, Kolkata 700 020.

Listing

Applications have been made to BSE and NSE for permission to deal in and for an official quotation of the equity shares of the Company. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalized.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by either of the Stock Exchanges mentioned above, the Selling Shareholder shall forthwith repay, without interest, all moneys received from the Bidders in pursuance of this Prospectus.

If such money is not repaid within eight days after the Selling Shareholder becomes liable to repay it (i.e. from the date of refusal or within 15 days from the date of Offer Closing Date, whichever is earlier), then the Selling Shareholder shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company and the Selling Shareholder shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the basis of Allocation.

Consents

Consents in writing of: (a) the Directors, the Company Secretary, the Compliance Officer, the Auditors, Bankers to the Company; and (b) the Underwriters, Escrow Collection Banker, Registrar to the Offer, Bankers to the Offer and Domestic Legal Advisors to the Underwriters, the Company and the Selling Shareholder to act in their respective capacities, have been obtained and would be filed with the RoC along with a copy of this Prospectus as required under Section 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus.

The Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus.

The Auditors have given their written consent to the tax benefits accruing to the Company and its members in the form and context in which it appears in this Prospectus and has not withdrawn the same up to the time of delivery of this Prospectus.

Expert Opinion

Except as stated in the sections titled "Statement of Tax Benefits" and "Financial Statements" on pages 25 and 103 respectively, the Company has not obtained any expert opinions.

Expenses of the Offer

The total expenses of this Offer are estimated to be approximately Rs. 118.51 million. The expenses of this Offer include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Offer are as follows:

Activity	Expense (Rs. in Million)
Lead management, underwriting and selling commission	53.81
Advertisement and marketing expenses	36.00
Printing, stationery including transportation of the same	26.00
Others (Registrar's fees, legal fees and listing fees)	2.70
Total estimated Offer expenses	**118.51**

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Other than the listing fees, which will be paid by the Company, all expenses with respect to the Offer shall be borne by the Selling Shareholder

Fees Payable to BRLM and CBRLM and Syndicate Member

The total fees payable to BRLM, CBRLM and the Syndicate Member (including underwriting commission and selling commission) will be as per the letter of engagement dated November 10, 2006, a copy of which is available for inspection at the Corporate Office of the Company.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer will be as per the Memorandum of Understanding dated February 13, 2007 between the Company and the Registrar, a copy of which is available for inspection at the Corporate Office of the Company.

The Registrar to the Offer will be reimbursed all relevant out-of-pocket expenses including cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided by JPMSSM to the Registrar to the Offer to enable them to send refund orders, Refund Instructions or allocation advice by registered post/ speed post. Refund orders up to Rs.1,500 would be sent under certificate of posting.

Companies under the Same Management

There is no other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, other than the subsidiaries, joint ventures, associates, Promoters and Promoter group companies, details of which companies are provided in the sections entitled “History and Certain Corporate Matters” and “The Promoter” and “The Promoter Group” beginning on pages 67, 81 and 87 of this Prospectus.

Previous Rights and Public Issues

The Company has not made any rights or public issue since its inception.

Commission and Brokerage on Previous Issues

Since this is the initial public offer of the Company, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any previous issue of equity shares of the Company.

Promise v/s Performance

This is the first public issue of the Company.

Outstanding Debenture or Bond Issues

The Company has privately placed Non-convertible Debentures (NCDs) to the extent of Rs. 700 million to replace the existing high cost term debt and Rs. 400 million for funding the Expansion project. The Company has received the entire subscription. The Company has completed creating security and allotting NCDs for Rs 700 million and Rs.400 million. The NCDs for Rs.700 million and Rs.400 million have been admitted by BSE for trading.

Outstanding Preference Shares

As of date, the Company does not have any outstanding preference shares. The Company is yet to pay preference share dividend for the preference shares which were converted into Equity Shares.

Stock Market Data for the Equity Shares

This being an initial public offer, Equity Shares are not listed on any stock exchange.

Particulars regarding previous Public Issues during the last five years

The Promoter and the Company have not made any public issue during the last five years.

Particulars Regarding Previous Public Issues made by Companies under the same management during the last three years

None of the listed companies under the same management within the meaning of section 370(1B) of the Companies Act has made any public issue during last three years.

Mechanism for Redressal of Investor Grievances by the Company

The Memorandum of Understanding between the Registrar to the Offer, the Selling Shareholder and the Company, will provide for retention of records with the Registrar to the Offer for a period of at least three years from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the Bidder, number of shares bid for, amount paid on application, Depository Participant and the collection center where the Bid was submitted.

Disposal of Investor Grievances

The average time required by the Company or the Registrar to the Offer for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company or Registrar will seek to redress these complaints as expeditiously as possible.

The Company and the Selling Shareholder have appointed Mr.Atul Falgunia, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Offer or post Offer related query. He can be contacted at:
Binani Cement Limited,
Corporate Office – Mumbai.
Tel: +91 22 2263 4951-53
Fax: +91 22 2263 4960
Email: bclipo@binani.net

Mechanism for Redressal of Investor Grievances of BIL

BIL has a separate shares department headed by Mr. T. R. C. Nair, Executive Vice President. (Corporate and Legal) and Company Secretary, interalia, to deal with investor complaints. Further, the Board of BIL has constituted a Share Transfer/Investors Relations Committee comprising Dr. V. C. Shah, Chairman Mr. S. Padmakumar and Mr. Sushil Bhatter, Directors of BIL. This Committee reviews redressal of complaints including complaints in respect of transfer of shares, loss of shares and dividend warrants not received, and submits its review report to the Board for perusal. The investor complaints are redressed as expeditiously as possible, generally in about two weeks but not later than four weeks.

Mechanism for Redressal of Investor Grievances of BZL

BZL has a Secretarial and Shares Department headed by Ms.Visalakshi Sridhar - Company Secretary, interalia, to deal with Investor complaints. The Board of Directors of BZL has constituted a Share Transfer / Investor Relations Committee comprising Mr. Sushil Bhatter – Chairman, Mr. D. Sundararajan and Mr. V. Subramanian directors of BZL. This Committee reviews redressal of complaints including complaints in respect of transfer of shares, loss of shares and dividend warrants not received, and submits its review report to its Board of Directors for their perusal. Investor complaints are redressed as expeditiously as possible, generally in about two weeks but not later than four weeks

Capitalisation of Reserves or Profits

The Company has not capitalized its reserves or profits at any time since its inception.

Issues otherwise than for Cash

The Company has issued Equity Shares for consideration other than for cash. Out of the issued, subscribed and paid – up capital of the Company 152,322,787 equity shares of Rs.10/- each were issued for consideration other than cash.

Purchase of Property

There is no property which the Company has purchased or acquired or propose to purchase or acquire, which is to be paid for wholly or partly out of the proceeds of the present Offer or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

- the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Offer nor is the Offer contemplated in consequence of the contracts; or

- the amount of the purchase money is not material.

Except as stated in this Prospectus, the Company has not purchased any property in which any of its promoters and/or Directors, have any direct or indirect interest in any payment made thereof.

Revaluation of Assets

The Company has not revalued any of its assets since its inception.

Payment or benefit to officers of the Company

Except statutory benefits upon termination of their employment in the Company or superannuation, no officer of the Company is entitled to any benefit upon termination of his employment in the Company or superannuation.

Changes in Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, have been appointed as the Auditor at the 8^{th} Annual General Meeting held on July 12, 2004 in place of M/s. S. R. Batliboi & Co., Chartered Accountants. M/s Kanu Doshi Associates.Chartered Accountants have been appointed as joint Auditors at the 10^{th} Annual General Meeting held on July 5, 2006.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allocation advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the Offer and listing and trading of securities offered from time to time by SEBI, the Government of India, the Stock Exchanges, the Reserve Bank of India, and/or other authorities, as in force on the date of the Offer and to the extent applicable.

Authority for the Offer

The Board of Directors of the Selling Shareholder have, pursuant to a resolution passed at its meeting held on October 9, 2006, passed a resolution authorising and approving the sale of 20,500,000 Equity Shares held in the Company.

The Company has authorized the Offer being made by the Selling Shareholder through a resolution passed by the Board at its meeting held on October 27, 2006.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing equity shares of the Company, including rights in respect of dividends, declaration of bonus shares and other corporate benefits, if any, declared by the Company after the date of Allocation. See the section titled "Main Provisions of the Articles of Association" on page 229 of this Prospectus.

Mode of payment of dividend

The Company shall pay dividend to the shareholders as per the provisions of the Companies Act.

Face Value and Offer Price

The Equity Shares with a face value of Rs. 10 each are being offered in terms of this Prospectus at an Offer price of Rs. 75 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Rights of the equity shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of the Articles of Association dealing, voting rights, dividend, forfeiture and lien, transfer and transmission see the section titled "Main Provisions of the Articles of Association" on page 229 of this Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allocated only in dematerialized form. As per the existing SEBI (DIP) Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialised form, the tradeable lot is one Equity Share. Allocation through this Offer will be done only in electronic form in multiples of 80 Equity Share subject to a minimum Allotment of 80 Equity Share.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Kolkata, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, 1956 the sole or first Bidder, along with the other joint Bidder(s), may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allocated, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Corporate Office of the Company or with the Registrar and Transfer Agents to the Offer.

In accordance with Section 109B of the Companies Act, 1956 any person who becomes a nominee in the manner stated above, shall, upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything stated above, since the Allocation in the Offer will be made only in dematerialised mode, there is no need to make a separate nomination with the Company. Nominations registered with the respective Depository Participant of the Bidder would prevail. If the investors require changing the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

The requirement of minimum subscription is not be applicable to the Offer for sale.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmissions of shares/debentures and on their consolidation/splitting except as provided in the Articles. See “Main Provisions of Articles of Association” on page 229 of this Prospectus.

OFFER STRUCTURE

The Offer of 20,500,000 Equity Shares for cash at a premium of Rs. 75 per Equity Share aggregating Rs. 1,537.50 million, would constitute 10.09% of the post Offer paid-up capital of Binani Cement Limited. The Offer is being made through the Book Building Process:

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least 12,300,000 Equity Shares	Up to 2,050,000 Equity Shares or Offer Size less allocation to QIB Bidders and Retail Individual Bidders.	Up to 6,150,000 Equity Shares or Offer Size less allocation to QIB Bidders and Non Institutional Bidders.
Percentage of Offer Size available for Allocation	At least 60% of Offer (including 5% thereof reserved for Mutual Funds) or, Offer less Allocation to Non- Institutional Bidders and Retail Individual Bidders.	Upto 10% of Offer or, Offer less Allocation to QIB Bidders and Retail Individual Bidders.	Upto 30% of Offer or, Offer less Allocation to QIB Bidders and Non Institutional Bidders.
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 80 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of 80 Equity Shares thereafter.	80 Equity Shares and in multiples of 80 Equity Share thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Offer, subject to applicable limits.	Such number of Equity Shares not exceeding the Offer subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allocation	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Member.
Margin Amount	10% of the bid amount	100%	100%

*Subject to valid Bids being received at or above the Offer Price. The Offer is being made through the 100% Book Building Process wherein at least 60% of the Offer shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Offer Price. Further, up to 10% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price. Under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company in consultation with the BRLM, CBRLM and the Designated Stock Exchange.

**In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Bidding/ Offer Programme

BID/OFFER OPENS ON	MAY 07, 2007
BID/OFFER CLOSES ON	MAY 10, 2007

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding/ Offer Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/ Offer Closing Date, the Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid/ Offer Closing Date.

The Company and the Selling Shareholder reserve the right to revise the Price Band during the Bidding/Offer Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor price of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least oner day prior to the Bid/Offer Opening Date.

In case of revision in the Price Band, the Bidding/ Offer Period will be extended for three additional days after revision of Price Band subject to the Bidding/ Offer Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Offer Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web site of the BRLM, CBRLM and at the terminals of the Syndicate.

OFFER PROCEDURE

Book Building Process:

In terms of Rule 19(2)(b) of the SCRR, this being an Offer for less than 25% of the post–Offer capital, this Offer is being made through the 100% Book Building Process wherein at least 60% of the Offer will be available for Allocation on a proportionate basis to QIBs, including upto 5% of the QIB Portion which shall be available for Allocation to Mutual Funds only. If at least 60% of the Offer cannot be allocated to QIBs, then the entire Bid Amount will be refunded forthwith. Further, up to 30% of the Offer shall be available for Allocation on a proportionate basis to the Retail Individual Bidders and up to 10% of the Offer shall be available for Allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through the BRLM, CBRLM or the Syndicate Member. The Company and the Selling Shareholder, in consultation with the BRLM and CBRLM, may reject any Bid procured from QIBs, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefor shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares would be Allocated to all successful Bidders only in the dematerialised form. Bidders will not have the option of getting Allocation of Equity Shares in physical form. The Equity Shares on Allocation shall be traded only in the dematerialised segment of the Stock Exchanges.

The process of Book Building under SEBI Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid .

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid- cum -Application Form and such options shall not be considered as multiple Bids. Upon the Allocation, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the application form.

Upon completing and submitting the Bid- cum -Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public including resident QIBs, Non Institutional Bidders and Retail Individual Bidders	White
NRIs and FIIs applying on a repatriation basis	Blue

Who can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Indian mutual funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;

- Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;
- NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- PFs with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Multilateral and bilateral development financial institutions; and

Pursuant to the existing regulations, OCBs are not eligible to participate in the Offer.

Participation by Associates of BRLM, CBRLM and Syndicate Member:

The BRLM, CBRLM and the Syndicate Member shall not be entitled to participate in this Offer in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of BRLM, CBRLM and Syndicate Member may bid and subscribe to the Equity Shares either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors or as may be specifically permitted by SEBI. Such bidding and subscription may be on their own account or on behalf of their clients. Allocation to all investors including associates of BRLM, CBRLM and Syndicate Member shall be on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 80 Equity Shares and in multiples of 80 Equity Shares thereafter and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid, the Bid would be considered for allocation under the Non Institutional Portion. The option to bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase Equity Shares at the Offer Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIB Bidders**: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 80 Equity Shares thereafter. A Bid cannot be submitted for more than the Offer size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Offer Closing Date and is required to pay the QIB Margin Amount upon submission of the Bid.

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non Institutional Bidder's Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Investor's Portion would be considered for allocation under the Retail Investor's portion. Non Institutional Bidders and QIB Bidders are not entitled to the option of bidding at Cut-off Price.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.

Information for the Bidders:

(a) The Company filed the Red Herring Prospectus with the RoC at least three days before the Bid/Offer Opening Date.

(b) The Company, the BRLM and the CBRLM declared the Bid/Offer Opening Date, Bid/Offer Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and a newspaper in Bengali with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act, 1956 shall be in the format prescribed in Schedule XX–A of the SEBI

Guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005.

(c) The members of the Syndicate circulated copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Registered Office of the Company or from any of the members of the Syndicate and should approach the BRLM, the CBRLM or the Syndicate Member or their authorised agent(s) to register their Bids.

(d) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of a member of the Syndicate. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate will be rejected.

(e) The Bidding/Offer Period shall be a minimum of three working days and shall not exceed seven working days. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Offer Period in accordance with the terms of the Syndicate Agreement.

(f) The Price Band has been fixed at Rs. 75 to Rs. 85 per Equity Share. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (Rupee One). In accordance with the SEBI Guidelines, the Company, in consultation with the Selling Shareholder and the BRLM, reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

(g) In case the Price Band is revised, the Bidding/Offer Period may be extended, if required, by an additional three days, subject to the total Bidding/Offer Period not exceeding 10 working days. The revised Price Band and Bidding/Offer Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, and by issuing published in two national newspapers (one each in English and Hindi) and a regional language newspaper of wide circulation in the place where the Registered Office is situated and also by indicating the change on the websites of the BRLM and CBRLM and at the terminals of the members of the Syndicate.

(h) On the basis of the Bids received, the Company, in consultation with the Selling Shareholder and the BRLM can finalise the Offer Price within the Price Band, without the prior approval of, or intimation to, the Bidders.

Method and Process of Bidding

(a) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details, see the section titled "Offer Procedure - Bids at Different Price Levels" on page 208) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Offer Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(b) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to a member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Offer Procedure - Build up of the Book and Revision of Bids" on page 213.

(c) The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("**TRS**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(d) During the Bidding Period, Bidders may approach a member of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Offer Procedure - Terms of Payment" on page 212.

Bids at different price levels and Revision of Bids

(a) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders and Non Institutional Bidders and such Bids from QIB Bidders and Non Institutional Bidders shall be rejected.

(b) Retail Individual Bidders who bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding only at Cut-Off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Offer multiplied by the Offer Price), such Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account or the Refund Account, as the case may be.

(c) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid by a Retail Individual Bidder will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the Cap Price prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(d) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or the Refund Account, as the case may be.

(e) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 80 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

(f) During the Bidding/Offer Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bidding/Offer Period using the printed Revision Form which is a part of the Bid cum Application Form.

(g) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(h) The Bidder can make revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

(i) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(j) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(k) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white coloured for Resident Indians and non residents applying on a non repatriation basis and blue coloured for Eligible NRIs applying on a repatriation basis and FIIs).

(b) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(c) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form.

(d) The Bids from the Retail Individual Bidders must be for a minimum of 80 Equity Shares and in multiples of 80 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

(e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of 80 Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 80 Equity Shares. Bids cannot be made for more than the Offer. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

(g) Bids by Eligible NRIs on a repatriation basis and FIIs shall be in the names of individuals or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

Bids by mutual funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 615,000 Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The above information is given for the benefit of the Bidders. The Company, the Selling Shareholder, the BRLM, and the CBRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by Non Resident Indians (NRIs)

Individual Eligible NRIs can obtain the Bid cum Application Forms from the Registered Office of the Company, members of the Syndicate or the Registrar to the Offer.

NRI Bidders may note that only such bids as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The Offer to a single FII should not exceed 10% of the Company's issued post-Offer capital . In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the Company's total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board and the shareholders by way of a special resolution, the aggregate FII holding can go up to sectoral cap as prescribed in the FDI policy However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids and revision of the Bids by Eligible NRIs and FIIs must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail portion for the purposes of allocation and for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Bidder's portion for the purposes of allocation. Other Non-Resident Bidders must Bid for a minimum of such number of Equity Shares and in multiples of 80 thereafter that the Bid Amount exceeds Rs. 100,000. For further details, see the section titled "Offer Procedure - Maximum and Minimum Bid Size" on page 206.
4. Bids by Eligible NRIs on a repatriation basis and FIIs shall be in the names of individuals or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company and the Selling Shareholder will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs and they will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. Further, NRIs, who are not Eligible NRIs, are not permitted to participate in this Offer.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, whilst the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the corpus of the venture capital fund/ foreign venture capital investor, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company, the Selling Shareholder, the BRLM and the CBRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Escrow Mechanism

The Company, the Selling Shareholder and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of the Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the respective Escrow Account. The Escrow Collection Bank(s) will act in terms of this Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to the Offer Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Accounts/refund account(s) as per the terms of the Escrow Agreement and this Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Offer to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall pay the applicable Margin Amount at the time of submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account as per the below terms.

(a) The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Offer from the Escrow Account, as per the terms of the Escrow Agreement, into the Offer Account. The balance amount after transfer to the Offer Account shall be transferred to the Refund Account.

(b) Each category of Bidders i.e. QIB Bidders, Non Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form by way of a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Margin Amount payable by each category of Bidders is mentioned in the section titled “Offer Structure” on page 203. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

(c) Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Offer Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM and CBRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

(d) Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for Transfer, will be refunded to such Bidder in terms of the Red Herring Prospectus. Any expense incurred by the Company on behalf of the Selling Shareholder with regard to refunds, interest for delays, etc for the Equity Shares being offered through the Offer, will be reimbursed by the Selling Shareholder to the Company.

(e) The payment instruments for payment into the Escrow Account should be drawn in favour of:

(i) In case of resident QIB Bidders: **"Escrow Account-BCL Public Offer-QIB-R"**.
(ii) In case of non-resident QIB Bidders: **"Escrow Account- BCL Public Offer-QIB-NR"**.
(iii) In case of other resident Bidders: **"Escrow Account- BCL Public Offer-R".**
(iv) In case of Eligible NRIs Bidders: **"Escrow Account- BCL Public Offer-NR".**

(f) In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE accounts or FCNR accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR account.

(g) In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.

(h) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.

(i) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Offer Account.

(j) On the Designated Date and not later than 15 days from the Bid/Offer Closing Date, the Refund Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

(k) Bidders are advised to mention the number of the application form on the reverse of the cheques/demand draft to avoid misuse of instruments submitted along with Bid cum Application forms.

(l) Incase clear funds are not available in Escrow Accounts as per final certificates of the Escrow Collection Banks, such Bids are liable to be rejected.

(m) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub member of the banker's clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

Electronic Registration of Bids

(a) The members of the Syndicate will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The Stock Exchanges will offer a screen-based facility for registering Bids for the Offer. This facility will be available on the terminals of the members of the Syndicate and its authorised agents during the Bidding Period/Offer Period. A member of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently download the off-line data file into the on-line facilities for book building on an half hourly basis. On the Bid Closing Date/ Offer Closing Date, the member of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be downloaded on an half hourly basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the bidding period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.);
- Investor Category –Individual, Corporate, FII, NRI or mutual fund, etc.;
- Numbers of Equity Shares Bid for;
- Bid price;
- Bid cum Application Form number;
- Whether payment is made upon submission of Bid cum Application Form; and
- Depository Participant identification no. and client identification no. of the demat account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate**. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, the members of the Syndicate also have the right to accept the Bid or reject it without assigning any reason. In case of Bids under the Non-Institutional Portion and Bids under the Retail Portion, Bids would not be rejected except on the technical grounds listed in this Prospectus.

(h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or the BRLM and CBRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoter, its management or any scheme or project of the Company.

(i) It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(j) Only bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM and CBRLM based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through any members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a half hourly basis.

(b) The book gets built up at various price levels. This information will be available with the BRLM and CBRLM on a half hourly basis.

(c) During the bidding period, any Bidder who has registered interest in the Equity Shares at a particular price level is free to revise the Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(e) The Bidder can make this revision any number of times during the bidding period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same members of the Member through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Prospectus. In case of QIB Bidders, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.

(g) When a Bidder revises the Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of the Bidder having revised the previous Bid**.

(h) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLM and CBRLM, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid Closing Date, the BRLM and the CBRLM will analyse the demand generated at various price levels and discuss pricing strategy with the Company.

(b) The Company, in consultation with the Selling Shareholder and the BRLM, shall finalise the "Offer Price", the number of Equity Shares to be allocated in each portion and the Allocation to successful QIB Bidders. The Allocation will be decided based inter alia, on the quality of the Bidder, and the size, price and time of the Bid.

(c) This Offer is being made through the 100% Book Building Process wherein at least 60% of the Offer will be available for Allocation on a proportionate basis to QIBs, including upto 5% of the QIB Portion which shall be available for Allocation to Mutual Funds only. If at least 60% of the Offer cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 30% of the Offer shall be available for Allocation on a proportionate basis to the Retail Individual Bidders and up to 10% of the Offer shall be available for Allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.

(d) Allocation to QIBs, Non Residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and the RBI while granting permission for Allocation of Equity Shares to them.

(e) Undersubscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the discretion of the Company and the Selling Shareholder in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 615,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be first added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLM, CBRLM and the Designated Stock Exchange.

(f) The BRLM and the CBRLM, in consultation with the Company, shall notify the Syndicate Member of the Offer Price and Allocations to its Bidders, where the full Bid Amount has not been collected from the Bidders.

(g) The Company reservse the right to cancel the Offer any time after the Bid Opening Date without assigning any reasons whatsoever, but before the Allocation.

(h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid Closing Date.

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the Selling Shareholder, the BRLM, the CBRLM and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Offer Price and Allocation(s) to the Bidders.

(b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with the RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Offer Price, Offer Size, underwriting arrangements and would be complete in all material respects.

(c) The Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60, and Section 60B of the Companies Act., 1956.

(d) After filing of the Prospectus with the RoC, a statutory advertisement will be issued by the Company in widely circulated English and Hindi national newspaper and a Bengali newspaper with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Offer Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) The BRLM and the CBRLM or Registrar to the Offer shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Offer.

(b) The BRLM and the CBRLM or Syndicate Member would then send the CAN to their Bidders who have been allocated Equity Shares. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Accounts at the time of bidding shall pay in full the amount payable into the Escrow Accounts by the Pay-in Period specified in the CAN.

(c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Offer subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for the Allocation to such Bidder.

(d) The issuance of CAN is subject to "Allotment Reconciliation and Revised CANs" as set forth below

Allotment Reconciliation and Revised CANs

After the Bid/Offer Closing Date, an electronic book will be prepared by the Registrar to the Offer on the basis of Bid applications received. Based on the electronic book, QIBs will be sent a CAN indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Transfer, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar to the Offer. Subject to the SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Transfer as approved by the Designated Stock Exchange and specified in the physical book. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Offer Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) The Company will ensure that the Allocation of Equity Shares is done within 15 days of the Bid Closing Date/Offer Closing Date. After the funds are transferred from the Escrow Accounts to the Offer for Sale Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account within two working days of the date of Allocation.

(b) As per SEBI (DIP) Guidelines, the Equity Shares will be offered and Allocation shall be made only in the dematerialised form. The successful Bidders will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

(c) After the funds are transferred from the Escrow Account to the Offer for Sale Account on the Designated Date, the Company would allot the Equity Shares to the Allottees. The Company would ensure the Allocation within 15 days of Bid Closing Date and give instructions to credit to the successful Bidders' depository accounts within two working days from the date of Allocation. In case the Company fail to make Allocation within 15 days of the Bid Closing Date, interest would be paid to the investors at the rate of 15% per annum.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Offer.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Selling Shareholders, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through the following various modes:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. NEFT– Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The Process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency.

3. Direct Credit – Applicants having bank accounts with the Refund Banker(s) as mentioned in the Bid cum Application Form, in this case being, UTI Bank Limited shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

4. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to

provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Please note that only Bidders having a bank account at any of the 15 centres where the clearing houses for the ECS are managed by the RBI are eligible to receive refunds through the modes stated above. For all the other Bidders, including Bidders who have not updated their bank particulars, alongwith the nine-digit MICR code, the refund orders shall be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

General Instructions

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour), as the case may be;
- Ensure that you bid only in the Price Band;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allocation of Equity Shares will be in the dematerialized form only;
- Ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depositary Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have been given a TRS for all your Bid options;
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating Allocation of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application.; and
- Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.

Don'ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted a Bid to the member of the Syndicate;
- Do not pay the Bid Amount in cash, by money order or by postal order;
- Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders, for whom the Bid Amount exceeds Rs.100,000);
- Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit a Bid accompanied with Stock invest.
- Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bidders can obtain the Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account Details and Bank Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THE EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or give credit through ECS, direct credit, RTGS or NEFT, and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the registrar or the Escrow Collection Banks nor the Company nor the Selling Shareholders shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Offer.

By signing the Bid cum Application Form, the Bidder would deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Selling Shareholder, the Registrar, Escrow Collection Bank(s) nor the BRLM and the CBRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

The Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Neither the Company nor the Selling Shareholder will be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-identification number and beneficiary account number provided by them in the Bid- cum-Application Form, the Registrar to the Offer will obtain from the Depository the Bidders bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant**. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM, CBRLM nor the Company shall have any responsibility and undertake any liability for the same.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid- cum- Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that the Company/the BRLM may deem fit.

The company, in there absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar to the Offer that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/Allocation advice, the demographic details given on the Bid –cum- Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Offer shall use demographic details as given in the Bid- cum- Application Form instead of those obtained from the Depositories.

Bids made by Insurance Companies

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

Bids made by Provident Funds

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may, at its sole discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on the submission of Bid- cum- Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid -cum -Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid -cum -Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to the Bidder's address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Offer to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
3. The Registrar will obtain, from depositories, details of the applicants' address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
4. The addresses of all the applicants in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of addresses and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the application processed. A print-out of the addresses will be taken to check for common names. The application with same name and same address will be treated as multiple applications.
5. The applications will be scrutinized for their DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of multiple master will be taken and applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

PAN Number

Where Bid(s) for Equity Shares by a Bidder is for the total value of Rs. 50,000 or more, i.e. the actual numbers of Equity Shares bid for multiplied by the bid price is Rs. 50,000 or more, the Bidder or, in the case of a Bid in joint names, each of the Bidders should mention their PAN allotted under the I.T.Act and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating Allocation of PAN ("PAN Communication") along with the application for the purpose of verification of the number. Bid cum Application Forms without this photocopy/ PAN Communication/ declaration will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** IN case the ole/First Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable" the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to provide a declaration in Form 60 (Form of declaration to be filed by a person who does not have a PAN and who enters into any transaction specified in rule 114b) or Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in rule 114B) as may be applicable, duly filled along with a copy of any one of the following documents in support of the address : (a) ration card (b) passport (c) driving license (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the central Government, State Government or local bodies showing residential address (g) any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the amended Form 60 or 61, as the case may be.

Unique Identification Number ("UIN") - MAPIN

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars by its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Grounds for Rejections

In case of QIB Bidders, the Company in consultation with BRLM and CBRLM may reject Bid at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Grounds for Technical Rejection

Bidders are advised to note that Bids are liable to be rejected on, inter alia, the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- Age of First Bidder not given;
- In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
- Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- PAN photocopy/ PAN Communication/ Form 60/Form 61 declaration not given if Bid is for Rs.50,000 or more;
- GIR Number furnished instead of PAN
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders bidding in excess of Rs. 100
- Bids for number of Equity Shares, which are not in multiples of 80;
- Category not ticked;
- Multiple Bids as defined in this Prospectus;
- In case of a Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by stockinvest/money order/postal order/cash;
- Signature of sole and /or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLM, CBRLM or the Syndicate Member;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Offer Procedure–Bids at Different Price Levels" at page 208 of this Prospectus;

- Bids in respect where the Bid cum Application form do not reach the Registrar to the Offer prior to the finalization of the Basis of Allotment;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by international QIBs not submitted through the BRLM and CBRLM or their affiliates;
- Bids by QIBs not submitted through members of the Syndicate
-
- Bids by US Persons other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act or other than in reliance of Regulation S under the Securities Act.
- Bids by any person outside India if not in compliance with applicable foreign laws and Indian laws; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

Equity Shares in dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Offer shall be allotted only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Offer:

(a) an agreement dated September 16, 2006 between NSDL, the Company and Registrar and Transfer Agent to the Company;

(b) an agreement dated August 30, 2006 between CDSL, the Company and Registrar and Transfer Agent to the Company.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

(c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

(g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communication in connection with Bids made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre or post Offer related problems such as non-receipt of letters of allotment, credit of allotted shares in respective beneficiary accounts, refund orders etc.

Disposal of Investor Grievances by the Company

It is estimated that the average time required by the Company or the Registrar to the Offer for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed Mr. Atul Falgunia as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer-related problems. He can be contacted at the following address:

Mr. Atul Falgunia
Address: Feltham House, 1st Floor, 10 J.N. Heredia Marg, Ballard Estate, Mumbai 4000 01
Tel: +91 (22) 2263 4951/52/53
Fax: +91 (22) 22634960
E-mail: bclipo@binani.net

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) **makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
(b) **otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years."

Basis of Allocation

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Offer Price shall be grouped together to determine the total demand under this portion. The Allocation to all the successful Retail Individual Bidders will be made at the Offer Price.
- The Offer Size less Allocation to Non-Institutional Bidders and QIB Bidders shall be available for Allocation to Retail Individual Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.
- If the aggregate demand in this portion is less than or equal to 6,150,000 Equity Shares at or above the Offer Price, full Allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 6,150,000 Equity Shares at or above the Offer Price, the Allocation shall be made on a proportionate basis up to a minimum of 80 Equity Shares
- 80 Equity Shares and in multiples of 80 Equity Shares thereafter. For the method of proportionate basis of Allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Offer Price shall be grouped together to determine the total demand under this portion. The Allocation to all successful Non-Institutional Bidders will be made at the Offer Price.
- The Offer Size less Allocation to QIB Bidders and Retail Individual Bidders shall be available for Allocation to Non-Institutional Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.
- If the aggregate demand in this category is less than or equal to 2,050,000 Equity Shares at or above the Offer Price, full Allocation shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than 2,050,000 Equity Shares at or above the Offer Price, Allocation shall be made on a proportionate basis up to a minimum of 80 Equity Shares and in multiples of 80 Equity Shares thereafter. For the method of proportionate basis of Allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Offer Price shall be grouped together to determine the total demand under this portion. The Allocation to all the QIB Bidders will be made at the Offer Price.
- The Offer Size less Allocation to Non-Institutional Bidders and Retail Individual Bidders shall be available for Allocation to QIB Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.
- Allocation shall be done in the following manner:.
  (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
    (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
    (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below

  (b) In the second instance Allotment to all QIBs shall be determined as follows:
    (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate Allocation to QIB Bidders shall not be more than 12,300,000 Equity Shares.

Illustration of Allocation to QIBs and Mutual Funds ("MF")

A. Issue details

Sr. No.	Particulars	Issue details
1	Offer Size	200 million Equity Shares
2	Allocation to QIB (50% of the Net Issue)	100 million Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	5 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	500 million Equity Shares

B. Details Of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	TOTAL	500

A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

C. **<u>Details Of Allocation To QIB Bidders</u>**(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate Allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	**5**	**95**	**42.42**

Please note:

1. The illustration presumes compliance with the requirements specified in this Prospectus in the section titled "Offer Structure" beginning on page 203.
2. Out of 100 million Equity Shares Allocated to QIBs, 5 million (i.e. 5%) will be Allocated on proportionate basis among five mutual fund applicants who applied for 200 shares in the QIB Portion.
3. The balance 95 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be Allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under :
   - For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 95 / 495
   - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95/495

The numerator and denominator for arriving at Allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been Allocated to mutual funds in the manner specified in column III of the table above

Method of proportionate basis of Allocation

In the event of the Issue being over-subscribed, the Company and the Selling Shareholder shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Offer shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders will be categorized according to the number of Equity Shares applied for by them.

(c) The total number of Equity Shares to be Allocated to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(d) Number of Equity Shares to be Allocated to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.

(e) If the proportionate Allocation to a Bidder is a number that is more than 80 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allocation to all Bidders in such categories would be arrived at after such rounding off.

(f) In all Bids where the proportionate Allocation is less than 80 Equity Shares per Bidder, the Allocation shall be made as follows:

1. Each successful Bidder shall be Allocated a minimum of 80 Equity Shares; and

2. The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allocated in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and

(g) If the Equity Shares Allocated on a proportionate basis to any portion are more than the Equity Shares Allocated to the Bidders in that portion, the remaining Equity Shares available for Allocation shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate Allocation to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

Disposal of Bids and Bid Amount and Interest in Case of Delay in Dispatch of Allocation Letters/Refund Orders

The Company and the Selling Shareholders shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares. .

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalisation of the basis of Allocation.

In accordance with the requirements of the Stock Exchanges and SEBI (DIP) Guidelines, the Company further undertakes :

- that Allocation shall be made only in dematerialised form within 15 days of the Bid Closing Date/Offer Closing Date;

- to ensure dispatch refund orders within 15 days of the Bid Closing Date; and

- to pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allocation is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI (DIP) Guidelines.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Undertakings by the Company

The Company undertakes as follows:

- that the complaints received in respect of this Offer shall be attended to by it expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allocation;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer."
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days or 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund."
- that the certificates of securities/refund orders to the non-resident Indians shall be dispatched within specified time; and
- that no further offer of Equity Shares shall be made till the Equity Shares offered through the Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Offer proceeds until the approval for trading of the Equity Shares from both the Stock Exchanges where listing is sought has been received.

Undertakings by the Selling Shareholder

The Selling Shareholder undertakes as follows:

- the Equity Shares being sold pursuant to the Offer are free and clear of any liens or encumbrances, and shall be transferred to the successful Bidders within the specified time.

The Selling Shareholder shall not have recourse to the Offer Proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Offer Proceeds

The Board certifies that:

This being an Offer for Sale, the Company will not directly receive any proceeds from the Offer. Please refer to the section titled "Objects of the Offer" on page 21 of this Prospects.

Withdrawal of the Offer

The Company and the Selling Shareholder, in consultation with the BRLM and the CBRLM, reserves the right not to proceed with the Offer at anytime including after the Bid/ Offer Opening Date, without assigning any reason thereof. In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing date.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the cement sector is permitted upto 100% under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue
.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

The main provisions of the Articles of Association of the Company (hereinafter referred to the "**Articles**" post listing of the Equity Shares, inter alia, are as under:

Article	Matter	Subject
3	Save as permitted by Section 77 of the Act, the funds of the Company be employed in the purchase of, or lent on the security of, shares of the Company and the Company shall not give, directly or indirectly, any financial assistance whether by way of loan, guarantee, the provision of security or otherwise the purpose of or in connection with any purchase of or subscription for shares in the Company or any Company of which it may, for the time being, be a subsidiary. This Article shall not be deemed to affect the power of the Company to enforce repayment of loans to members to exercise a lien conferred by Article 32	Company not to purchase its own shares
4. * *(1) *(2)	The Share Capital of the Company is Rs. 401,00,00,000/- (Rupees Four Hundred One Crores only) divided into 30,10,00,000/- (Thirty Crores Ten Lacs) Equity shares of Rs.10/- each and 1,00,00,000/- (One Crore) 12% Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any rights, privileges or conditions in any such manner as may for the time being be provided by the regulations of the Company. * Altered by a Special Resolution passed at the Extra Ordinary General Meeting held on 23rd February, 1999. *(1)The Share Capital of the Company is Rs. 401,00,00,000/- (Rupees Four Hundred One Crores only) divided into 40,10,00,000/- (Forty Crores Ten Lacs) Equity shares of Rs.10/- (Rupees Ten Only) with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate or reclassify any rights, privileges or conditions in any manner as may for the time being be provided by the regulations of the Company. Substituted by a Special Resolution passed at the Extra Ordinary General Meeting held on 30/08/99. *(2) Pursuant to an Order dated 11th December, 2000 of the High Court of Kolkata passed in Company Petition No.522 of 2000 connected with Company Application No.644 of 2000 as annexed hereto, the Authorised Share Capital of the Company was increased to Rs.423,89,96,000/- divided into 42.38,99,600 Equity Shares of Rs.10/- each.	Division of Capital
5	(1) Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons, on such terms and conditions, at such times, either at par or at a premium, and for such consideration as the Board thinks fit, provided that where at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation it is proposed to increase the subscribed capital of the Company by the allotment of	Allotment of shares

Article	Matter	Subject
	further shares, the Board shall, subject to the provisions of Section 81 (1A) of the Act, issue such shares in the manner set out in Section 81 (1) of the Act. (2) No option or right to call of shares shall be given to any person except with the sanction of the Company in General Meeting.	
6.	As regards all allotments made from time to time the Company shall duly comply with Section 75 of the Act.	Return of Allotments
7	If the Company shall offer any of its shares to the public for subscription (1) No allotment thereof shall be made, unless the amount stated in the prospectus as the minimum subscription has been subscribed, and the sum payable on application thereof has been paid to and received by the Company; but this provision shall no longer apply after the first allotment of shares offered to the public for subscription. (2) The amount payable on application on each share shall not be less than 5 per cent of the nominal amount of the share. (3) The Company shall comply with the provisions of sub-section (4) of Section 69 of the Act. And if the Company shall propose to commence business on the footing of a statement in lieu of prospectus, the Board shall not make any allotment of shares payable in cash unless seven at least of the shares proposed to be issued shall have been subscribed for on a cash footing by seven members and Section 70 of the Act shall have been complied with.	Restriction on allotment
8.	The Company may exercise the powers of paying commissions conferred by Section 76 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said Section and the commission shall not exceed 5 percent of the price at which any shares, in respect whereof the same is paid, are issued or 2 ½ percent of the price at which any debentures are issued (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.	Commission and brokerage
10	If, by the conditions of allotment of any shares, the whole or part of the amount or issued price thereof shall be payable by installments, every such installment shall, when due, be paid to the company by the persons who for the time being shall be the member registered in respect of the share or by his executor or administrator.	Installments on shares to be paid
11	Members who are registered jointly in respect of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.	Liability of members registered jointly in respect of shares
12	Save as herein otherwise provided, the Company shall be entitled to treat the member registered in respect of any share as the absolute owner thereof and accordingly shall not except as ordered by a Court of competent jurisdiction, or as by statute required, be bound to recognise any equitable or other claim to or interest in such share on the part of any other person.	Trusts not recognised
13	Shares may be registered in the name of any person, company or other body corporate. Not more than four persons shall be registered jointly as members in respect of any share.	Who may be registered
14	Subject to the provisions of the Companies (Issue of Share Certificates) Rules, 1960, or any statutory modification or re-enactment thereof, share certificates shall be issued in the manner following :-	

Article	Matter	Subject
		es
	(1) The Certificates of title to shares and duplicates thereof when necessary shall be issued under the Seal of the Company which shall be affixed in the presence of (i) two Directors or a director and a person acting on behalf of another Director under a duly registered power-of-attorney or two persons acting as attorneys for two Directors as aforesaid; and (ii) the Secretary or some other person appointed by the Board for the purpose, all of whom shall sign such share certificate; provided that, if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or Wholetime Director.	
	(2) Every member shall be entitled to one certificate for all the shares of each class registered in his name, or if the Board so approves, to several certificates, each for one or more such shares, and the Board shall so approve where such issue is necessary in order to comply with the requirements of any recognised Stock Exchange relating to the allotment of shares.	Members' right to certificate
	Unless the conditions of issue otherwise provide the Company shall, either within three months after the date of allotment, and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares) or within one month of receipt of the application for registration of the transfer of any of its shares, as the case may be, complete and have ready for delivery the certificates of such shares. Every certificate of shares shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amount paid up thereon. Particulars of every certificate issued shall be entered in the Register maintained in the form set out in the Act, or in a form as near thereto as circumstances admit indicating the date of issue. In respect of any shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.	
	(3) If any certificate of any share be surrendered to the Company for subdivision or consolidation or if any certificate be defaced, torn or old, decrepit or worn-out, or its cages on the reverse side for recording transfers have all been used, then upon surrender of the same to the Company the Board may order the certificate to be cancelled and may issue a new certificate in lieu thereof; and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Board, and upon such indemnity as the Board thinks fit being given, a new certificate in lieu thereof shall be given to the party entitled to the shares to which such lost or destroyed certificate shall relate. Where a certificate has been issued in place of a certificate which has been defaced, etc., lost or destroyed, it shall state on the face of it and against the stub or counterfoil that it is issued in lieu of a share certificate or is a duplicate issued for the one so defaced etc lost or destroyed, as the case may be, and in the case of a certificate issued in place of one which has been lost or destroyed, the word duplicate shall be punched or stamped in bold letters across the face thereof.	As to issue of new certificates Particulars of new certificate to be entered in the Register
	(4) Where a new share certificate has been issued in pursuance of the last preceding paragraph, particulars of every such certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the name of the person to whom the certificate is issued the number and date of issue of the certificate in lieu of which the new certificate is issued and the necessary changes indicated in the Register of Members by suitable cross-references in the “Remarks” Column. All entries made in the Register of Members or in the Register of Renewed and Duplicate Certificates shall be authenticated by the Secretary, or such other person as may be appointed by the Board for purposes of sealing and	

Article	Matter	Subject
	signing the share certificate under paragraph (1) hereof. (5) No charge shall be made for the issue of any share certificate under sub-clause (2) hereof, and no charge shall be made for the issue of share certificates under sub-clause (3) hereof, save that for every certificate issued to replace one or more certificates that have been surrendered for subdivision or consolidation into denominations other than those fixed for the market unit of trading or that have been torn, defaced, lost or destroyed, the Board may if it thinks fit, charge a fee not exceeding Rs. 1/-. in addition to any out-of-pocket expenses incurred by the Company in investigating evidence, as the Board may determine, in case of certificates replacing those which have been torn, defaced, lost or destroyed.	
15.	The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorising such call was passed and may be made payable by members on the register on a subsequent date to be fixed by the Directors.	Calls
16	No call shall be made payable within one months after the last preceding call was payable. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.	Restriction on power to make calls and notice
17	If the sum payable in respect of any call or installment be not paid on or before the day, appointed for payment thereof, the member for the time being in respect of the share for which the call shall have been made or the installment shall be due shall pay interest for the same at the rate of 24% per annum, from the day appointed for the payment thereof to the time of actual payment or at such lower rate (if any) as the Board may determine.	When interest on call or installment payable
18	If by the terms of issue of any share or otherwise an amount is made payable at any fixed time or by installments at fixed times, whether on account of the amount of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.	Amount payable at fixed times or payable by installments as calls
19.	On the trial or hearing of any action or suit brought by the Company against any member or his representatives to recover any debts or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose on the Register as a member, or one of the members in respect of the share for which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board Meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt, subject to the provisions of the Law of Evidence & Procedure.	Evidence in actions by Company against members
20.	The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the share held by him beyond the sums actually called for, and upon the money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the share in respect of which such	

Article	Matter	Subject
	advance has been made, the Company may pay interest at such rate to the member paying such sum in advance as the Board agrees upon. Money so paid in excess of the amount of calls shall not rank for dividends or to participate in the profits of the company. The Board may at any time repay the amount so advanced upon giving to such member not less than three months' notice in writing.	
21.	A call may be revoked or postponed at the discretion of the Board.	
	FORFEITURE AND LIEN	
22.	If any member fails to pay any call or installment on or before the day appointed for the payment of the same Board may, at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.	If call on installment not paid notice may be given
23.	The notice shall name a day (not less than fourteen days from the date of the notice), and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of nonpayment at or before the time, and at the place appointed, the share in respect of which such call made or installment is payable will be liable to be forfeited.	Form of notice.
24.	If the requisitions of any such notice as aforesaid be not complied with any share in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installment, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture.	If notice not complied with shares may be forfeited
25	When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.	Notice after forfeiture
26.	Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.	Forfeited share to become property of the Company
27.	The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.	Power to annul forfeiture
28.	A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall, notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or installment, interest and expenses, owing upon or in respect of such share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at 12 per cent per annum and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the share at the time of forfeiture, but shall not be under any obligation to do so.	Liability on forfeiture
29.	A duly verified declaration in writing that the declarant is a Director of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute	Evidence of forfeiture

Article	Matter	Subject
	a good title to such shares; and the person to whom any such share is sold shall be registered as the member in respect of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, subject to the provisions of the Law of Evidence & Procedure.	
30	The Company shall have a first and paramount lien upon every share not being fully paid up registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 12 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien if any, on such shares.	Company's lien on shares
31.	For the purpose of enforcing lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for seven days after the date of such notice.	As to enforcing lien by sale
32	The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale.	Application of proceeds of sale
33	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings, not to the application of the purchase money, and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the company exclusively.	Validity of sales in exercise of lien and after forfeiture
34.	Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.	Board may issue new certificates
35.	Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the Letter of Allotment of the share. The transferor shall be deemed to remain the member in respect of such share until the name of the transferee is entered in the Register in respect thereof.	Execution of transfer, etc.
36.	Applications for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall in the case of a partly paid share be effected unless the Company gives notice of the application to the transferee in the manner prescribed by section 110 of the Act, and subject to the provisions of these Articles the Company shall,	Application by transferor

Article	Matter	Subject
	unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.	
37.	The instrument of transfer shall be in the form prescribed by the Act or the Rules made thereunder or where no such form is prescribed in the usual common form or any other form approved by Stock Exchanges in India or as near thereto as circumstances will admit.	Form of transfer
38	Subject to the provisions of Section 111 of the Act, the Board, may within two months from the date on which the instrument of transfer was delivered to the Company by giving reasons refuse to register any transfer of or the transmission by operation of law of the right to a share, provided that the registration of a transfer of shares will not be refused on the ground that the transferor is either alone or jointly indebted to the Company on any account whatsoever except where the Company has a lien on such shares.	In what cases the Board may refuse to register transfer
39.	No transfer shall be made to a minor or person of unsound mind.	No transfer to minor etc.
40.	Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the share to be transferred or if no such certificate is in existence, by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.	Transfer to be left at office when to be retained
41.	If the Board refuses whether in pursuance of Article 38 or otherwise, to register the transfer of or the transmission by operation of law of the right to any share, the Company shall within 2 months from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was lodged with the Company, send to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, notice of the refusal, giving reasons for such refusal.	
42.	The executor or administrator of a deceased member (not being one of several members registered jointly in respect of a share) shall be the only person recognised by the Company as having any title to the share registered in the name of such member, and in the case of the death of any one or more of the members registered jointly in respect of any share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased member from any liability on the share held by him jointly with any other person. Before recognising any executor or administrator, the Board may require him to obtain a grant of Probate or Letter of Administration or other legal representation, as the case may be, from a competent Court in India and having effect in West Bengal. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may consider adequate.	Transmission of registered shares as to Survivorship.
43	Any committee or guardian of a lunatic or minor member or any person becoming entitled to any share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he/she sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give) be registered as a member in respect of such share, or may, subject to the regulations as to transfer herein before contained, transfer such share. This Article is	As to transfer of shares of insane,minor, deceased or bankrupt members. (Transmission Article)

Article	Matter		Subject
	hereinafter referred to as the “Transmission Article”.		
44	(1)	If the person so becoming entitled under the Transmission Article shall elect to be registered as a member in respect of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.	Election under the Transmission Article
	(2)	If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.	
	(3)	All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.	
45	A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the member shall, subject to the provisions of Article 77 and Section 206 of the Act, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered member in respect of the share except that no such person (other than a person becoming entitled under the Transmission Article to a share by reasons of the lunacy of the holder) shall before being registered as a member in respect of the share, be entitled to exercise in respect thereof any right conferred by membership in relation to meetings of the Company. Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the’ share, until the requirements of the notice have been complied with.		Right of persons entitled to shares under the Transmission Article
45A	*Insertion of New Article 45A : Nomination 45A : Notwithstanding anything stated in these Articles, every holder or joint holder of shares or debentures may nominate in accordance with the provisions of Section 109A of the Companies Act 1956 and in the manner prescribed thereunder, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of such holders. Any nominations so made shall be dealt with by the company in accordance with the provisions of Section 109B of the Companies Act, 1956.		
45B	Insertion of New Article 45B : 45B : For the purpose of this Article :-		
	1.	Definition Beneficial Owner means a person or persons whose name is recorded as such with a Depository. SEBI means the Securities & Exchange Board of India. Depository means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1962 and Security means such security as may be specified by SEBI from time to time.	
	2.	Dematerialisation of Securities :	

Article	Matter	Subject
	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules / Regulations / Notifications framed / issued thereunder if any (including any modification or amendment or re-enactment thereof.)	
3.	Option for Investors :	
	Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required	
	Certificate of Securities.	
	If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of security ,and on the receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.	
4.	Securities in Depositories to be in fungible form :	
	All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to depository in respect of the securities held by it on behalf of the beneficial owners.	
5.	Rights of Depositories and Beneficial Owners	
	a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.	
	b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it.	
	c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.	
6.	Service of Documents	
	Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in a depository,the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.	
7.	Transfer of Securities	
	Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and	

Article	Matter	Subject
	transferee both of whom are entered as beneficial owners in the records of a depository.	
	8. Allotment of Securities dealt with in a Depository Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities. 9. Distinctive Numbers of Securities held in a Depository Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository. 10. Register and Index of Beneficial Owners The Register and Index of Beneficial Owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles." * Altered by a Special Resolution passed at the Annual General Meeting of the Company held on 20/06/2005.	
46	INCREASE AND REDUCTION OF CAPITAL	
	The Company in general meeting may from time to time increase the capital by the creation of new shares of such amount as may be deemed expedient.	Power to increase capital
47	Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company then issued, the new shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto as the general meeting resolving upon the creation thereof, shall direct, and, if no direction be given, as the Board shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.	On what conditions new shares may be issued
48.	Before the issue of any new shares, the Company in general meeting may make provisions as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or, subject to the provisions of Section 79 of the Act, at a discount; in default of any such provision, or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of Article 5.	Provisions relating to the issue
49.	Except so far as otherwise provided by the conditions of issue or by these articles, any capital raised by the creation of new shares shall be considered part of the then existing Capital of the Company and shall be subject to the provisions herein contained with reference to the payment of calls and installment, transfer and transmission, forfeiture, lien and otherwise.	How far new shares to rank with existing shares
50	If, owing to any inequality in the number of new shares to be issued, and the number of shares held by members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.	Inequality in number of new shares
51.	The Company may from time to time by Special Resolution, reduce its capital on any Capital Redemption Reserve Account or Share Premium Account in any manner and with, and subject to, any incident authorised and consent required by law.	Reduction of capital, etc.

Article	Matter	Subject
	ALTERATION OF CAPITAL	
52	The Company in general meeting may – (1) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. (2) Subdivide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum so however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived. (3) Cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.	Power to Subdivide and consolidate shares
53.	The Resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting, or otherwise over or as compared with the others or other, subject, nevertheless, to the provisions of Section 85, 87, 88 and 106 of the Act.	Subdivision into Preference and Ordinary
54.	Subject to the provisions of Sections 100 to 105 inclusive of the Act., the Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.	Surrender of shares
	MODIFICATIONS OF RIGHTS	
55.	Whenever the capital (by reason of the issue of Preference Shares or otherwise) is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected, abrogated, varied or dealt with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class and all the provisions hereinafter contained as to general meetings, shall, mutatis mutandis, apply to every such meeting, except that the quorum thereof shall be not less than two persons holding or representing by proxy one-fifth of the nominal amount of the issued shares of the class. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar.	Power to modify rights
	BORROWING POWERS	
56	The Board may, from time to time, at its discretion subject to the provisions of Section 292 and 370 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the Company; provided that the Board shall not, without the sanction of the Company in general meeting, borrow any sum of money which together with moneys already borrowed by the Company (apart from loans repayable on demand or within six months from the date of the loan such as short term, cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.	Power to borrow

Article	Matter	Subject
57.	The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respect as it thinks fit, and, in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking or the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being.	Conditions on which money may be borrowed
58.	Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise, Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Debentures/Bonds, Debenture Stock, Bonds or other securities with right to conversion into or allotment of shares shall issued only with the consent of the Company in General Meeting.	
59.	Save as provided in Section 108 of the Act, no transfer of debenture shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.	Instrument of transfer
60.	If the Board refuses to register the transfer of any debentures, the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal, giving reasons for such refusal.	Notice of refusal to register transfer
	GENERAL MEETINGS	
61.	(1) The Statutory Meeting of the Company shall, as required by Section 165 of the Act, be held at such time not being less than one month nor more than six months from the date at which the Company shall be entitled to commence business and at such place as the Board may determine, and the Board shall comply with the other requirements of that Section as to the report to be submitted and otherwise.	The Statutory Meetings
	(2) In addition to any other meetings, general meetings of the Company shall be held within such intervals as are specified in Section 166(1) of the Act and, subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an "annual general meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall, except in the case where an Extraordinary General Meeting is convened under the provisions of the next following Article, be called as "general meeting".	When Annual General Meeting to be held
62	The Board may, whenever it thinks fit, call a general meeting, and it shall, on the requisition of such number of members as hold, at the date of the deposit of the requisition, not less then one-tenth of such of the paid up capital of the Company as at that date carried the right of voting in regard to the matter to be considered at the meeting, forthwith proceed to call an Extraordinary General Meeting and in the case of such requisition the following provisions shall apply :-	When other General Meetings to be called
	(1) The requisition shall state the matter for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the office. The requisition may consist of several documents in like form each signed by one or more requisitionists.	
	(2) Where two or more distinct matters are specified in the requisition, the requisition shall be valid only in respect of those matters in	

Article	Matter	Subject
	regard to which the requisition has been signed by the member or members herein before specified.	
	(3) If the Board does not, within twenty-one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of these matters on a day not later than forty-five days from the date of deposit, the requisitionists or such of them as are enabled so to do by virtue of Section 169(6)(b) of the Act may themselves call the meeting and any meeting so called shall not be commenced after three months from the date of deposit.	
	(4) Any meeting called under this Article by the requisitionists shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board but shall be held at the office.	
	(5) Where two or more person hold any shares jointly a requisition or notice calling a meeting signed by one or some only of them shall for the purposes of this Article have the same force and effects as if it had been signed by all of them.	
	(6) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as are in default.	
63.	The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.	Circulation of members' Resolutions
64	Save as provided in Subsection (2) of Section 171 of the Act, not less than twenty-one days' notice shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of "special business" as hereinafter defined there shall be annexed to the notice a statement complying with Section 173(2) and (3) of the Act. Notice of every meeting of the Company shall be given to every member of the Company, to the Auditors of the Company and to any persons entitled to a share in consequence of the death or insolvency of a member in any manner hereinafter authorised for the giving of notices to such persons. Provided that where the notice of the meetings is given by advertising the same in a newspaper circulating in the neighborhood of the office under sub-Section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 (2) of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company. The accidental omission to give any such notice to or the non-receipt by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting.	Notice of Meeting
	PROCEEDINGS AT GENERAL MEETINGS	
65.	The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other General Meeting shall be deemed special business.	Business of Meetings

Article	Matter	Subject
66.	No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided 5 members present in person shall be a quorum.	Quorum to be present when business commenced
67.	Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed in effected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 189(2) of the Act.	Resolutions to be passed by Company in General Meeting
68.	The Chairman of the Board shall be entitled to take the Chair at every general meeting. If there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their member, being a member entitled to vote, to be Chairman. No business shall be transacted at any general meeting while the Chair is vacant except the election of the Chairman.	Chairman of General Meeting
69	If within half an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum be not present, those members who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.	When, if quorum not present, meeting to be dissolved and when to be adjourned.
70	Every question submitted to a meeting shall be decided, in the first instance, by a show of hands, and in the case of an equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.	How questions to be decided at meetings Casting vote
71	At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman of his own motion, or by any member or members present in person or by proxy and holding shares in the company which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than Rupees fifty thousand has been paid up, a declaration by the Chairman that the resolution has or has not been carried, or has or has not been carried either unanimously, or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of, or against the resolution	What is to be evidence of the passing of a resolution where poll not demanded
72.	(1) If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and at such time, not being later than forty-eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs, and, subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded. (2) The demand for a poll may be made verbally or in writing to the following effect and may be withdrawn at any time. "I (We the undersigned members of the Company) hereby demand a poll	Poll

Article		Matter	Subject
		upon the resolution now before the meeting."	
	(3)	Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinize the votes given on the poll and to report to him thereon.	
	(4)	On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.	
	(5)	On a poll votes may be given either personally or by proxy, or, in the case of a body corporate, by a representative duly authorised under Section 187 of the Act.	
	(6)	The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.	
73.	Subject to the provision of the Act, the Chairman of the meeting shall have power to regulate the manner in which the poll shall be taken.		Power to adjourn general meeting
74.	(1)	The Chairman of a general meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.	
	(2)	When a meeting is adjourned it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting unless the adjournment is for over thirty days.	
	VOTES OF MEMBERS		
75	(1)	Save as hereinafter provided, on a show of hands, every member present in person and being a member registered in respect of equity shares shall have one vote and every person present either as a general proxy (as defined in Article 79) on behalf of a member registered in respect of equity shares or as a duly authorized representative of a body corporate being a member registered in respect of equity shares shall, if he is not entitled to vote in his own right, have one vote.	Votes of members
	(2)	Save as hereinafter provided, on a poll the voting rights of members registered in respect of Equity Shares shall be as specified in Section 87 of the Act.	
	Provided that no company or body corporate shall vote by proxy so long as a resolution of its board of directors under the provisions of Section 187 of the Act is in force and the representative named in such a resolution is present at the general meeting at which the vote by proxy is tendered.		
76.	(1)	Where a company or a body corporate (hereinafter called "member company") is a member of Company, a person duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member company at a meeting of the Company, shall not, by reason of such appointment, be deemed to be a proxy, and the production at the meeting of a copy of such resolution duly signed by one director of such member company and certified by him as being a true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same right and powers,	Procedure where a company is a member of the Company

Article	Matter	Subject
	including the right to vote by proxy on behalf of the member company which he represents, as that member company could exercise if it were an individual member	
	(2) Where the President of India or the Governor of a State is a member of the Company, the President, or as the case may be, the Governor may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meetings of any class of members of the Company and such person shall be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President or, as the case may be, Governor could exercise as a member of the Company.	
77.	If any member be a lunatic, idiot or non compos mentis, he may vote whether on a show of hands or at a poll by his committee, curator bonis or other legal curator and such last mentioned person may give his vote by proxy provided that forty eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which any such person proposes to vote, he shall satisfy the Board of his right under the Transmission Article to the share in respect of which he proposes to exercise his right under this Article, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.	Votes in respect of deceased, insane and insolvent members
78	Where there are members registered jointly in respect of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such members be present at any meeting either personally or by proxy, that one of the said members so present whose name stands first on the Register in respect of such share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purposes of this Article be deemed to be members registered jointly in respect thereof.	Members registered jointly
79	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his Attorney duly authorized in writing or if such appointor is a body corporate be under its common seal or the hand of its officer or Attorney duly authorized by it or by the person authorized to act as the representative of such company under Article 76(1). A proxy who is appointed for a specified meeting only shall be called a Special Proxy. Any other proxy shall be called a General Proxy.	Instrument appointing proxy to be in writing
	A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.	Proxies may be general or special
80	The instrument appointing a proxy and the Power-of-Attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of authority, shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default that instrument of proxy shall not be treated as valid.	Instrument appointing a proxy to be deposited at the office
81.	A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death insanity, revocation or transfer of the share shall have been received by the Company at the office before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.	When vote by Proxy valid though authority revoked
82.	Every instrument appointing a special proxy shall be retained by the	Form of instrument

Article	Matter	Subject
	Company and shall, as nearly as circumstances will admit, be in the form or to the effect following : BINANI CEMENT LIMITED I/We................................……………………………………………… of ………………………………. being a member of above named Company hereby appoint …………………………………… of ……………………………… (or failing him …………………………. of ………………….. or failing him ……………………… of …………………………) as my/our proxy to attend and vote for me/us and on my/our behalf at the (Annual or Extraordinary, as the case may be) General Meeting of the Company to be held on the day of …………………………………….. and at any adjournment thereof. Signed this ……………….. day of ………………….. 19 …………… Provided always that an instrument appointing a Proxy may be in any of the forms set out in Schedule IX of the Act.	appointing a Special Proxy
83	No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right or lien.	Restrictions on voting
84.	(1) Any object as to the admission or rejection of a vote, either, on a show of hands, or on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive. (2) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.	Admission or rejection of votes
	DIRECTORS	
*85.	Until otherwise determined by Ordinary Resolution in General Meeting, the number of Directors of the Company shall not be less than three nor more than thirteen (including those nominated in pursuance of Article 86 below). Provided that not including the Directors appointed pursuant to Article 86 below the number of Directors of the Company shall not be more than eight * Substituted vide a special resolution passed at Extra Ordinary General Meeting held on February 10, 2006 *Article 85 A (1) BIL shall be entitled to nominate upto seven Directors and JPM shall, so long as it holds at least ten per cent of the issued and paid up Equity Share Capital of the Company, be entitled to nominate one Director who shall be a non-executive Director. Provided further that BIL shall not nominate for appointment to the Board any representative or nominee of another Shareholder. (2) The right of nomination of Directors conferred on BIL and JPM shall include the right of that Party to remove at any time from office or replace such person nominated by it as a Director and the right of the BIL or JPM at any time and from time to time to determine the period during which such person shall hold office of Director and in such a case the other Shareholders shall vote accordingly to effect the change. Each nomination or removal or replacement of a Director pursuant to this article shall be in writing an signed by or on behalf of the appointing Shareholder and shall be delivered to the registered office for the time being of the Company.	Number of Directors

Article	Matter	Subject
	(3) All nominations made pursuant to this Article shall require BIL and JPM to give written notice to the other of the name, qualifications and experience of its nominated Director and the intended date of appointment, at least seven Business Daysprior to the intended date of appointment. * Added vide a special resolution passed at Extra Ordinary General Meeting held on February 10, 2006	
86.	The Company may agree with any financial institution or any authority or person or State that in consideration of any loan or financial assistance of any kind whatsoever which may be rendered by it to the Company, it shall till such time as the loan or financial assistance of outstanding, have power to nominate one or more Directors on the Board of the Company. As and whenever such nominee Director vacates office by removal, death, resignation or otherwise the Financial Institution or any authority or person or State who appointed such Director may appoint any other Director in his place. Such Nominee Director shall not be required to hold any shares and shall not be liable to retire by rotation.	Director nominated by Financial Institution
87.	Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.	Proportion to retire by rotation
89.	The Board shall have power at any time and from time to time to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.	Power of Board to add to its number
90.	(1) Unless otherwise determined by the Company in General Meeting the Director shall not be required to hold any qualification shares.	Qualification Shares of Directors
91	Without prejudice to the restrictions imposed by Section 266 of the Act, a Director who by a subsequent amendment to these Articles may be required to hold qualification shares may act as a Director before acquiring such shares but shall, if he is not already qualified, obtain his qualification within two months from his appointment as a Director.	Director can act before acquiring Qualification
92.	The fee payable to a Director for attending a meeting of the Board of Directors or Committee thereof shall be decided by the Board of Directors from time to time within the maximum limit of such a fee that may be prescribed by the Central Government under the proviso to Section 310 of the Act. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from Board Meetings or any committee thereof, general meetings and also in connection with the business of the Company and/or in the execution of their duties as Director's. All other remuneration, if any, payable by the company to each Director, whether in whole or part time employment of the company shall be determined in accordance with and subject to the provisions of these articles and of the Act.	Director's fees Remuneration and Expenses
93.	If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from his home for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a committee of the Board then, subject to Sections 198, 309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.	Remuneration for extra service
94.	The continuing Directors may act notwithstanding any vacancy in their body; but so that if the number falls below the minimum above fixed and not withstanding the absence of a quorum, the Board may act for the purpose of filling up vacancies, for summoning a General Meeting of the Company.	Board may act Notwithstand-ing Vacancy

Article		Matter		Subject
95	(1)	Subject to Section 283 of the Act, the office of a Director shall ipso facto become vacant, if :-		Vacation of office of director
		(a)	he fails to obtain within the time specified in sub-section (1) of Section 270 of the Act, or at any time thereafter ceases to hold, the share qualification, if any, necessary for his appointment, or	
		(b)	he is found to be of unsound mind by a Court of competent jurisdiction; or	
		(c)	he applies to be adjudicated an insolvent; or	
		(d)	he is adjudged an insolvent; or	
		(e)	he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or	
		(f)	he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government has, by notification in the official Gazette, removed the disqualification incurred by such failure; or	
		(g)	he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is the longer, without obtaining leave of absence from the Board; or	
		(h)	he (whether by himself or by any person for his benefit or on his account), or any firm of which he is a partner, or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or	
		(i)	he acts in contravention of Section 299 of the Act; or	
		(j)	he becomes disqualified by an order of Court under Section 203 of the Act;or	
		(k)	he be removed from office in pursuance of Section 284 of the Act; or	
		(l)	having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or	
		(m)	by notice in writing to the Company he resigns his office; or	
		(n)	an office or place of profit under the Company or under any subsidiary of the Company is held in contravention of Section 314 of the Act and by the operation of that Section he is deemed to vacate office.	
	(2)	Notwithstanding any matter or thing in sub-clauses (d), (e) and (j) of clause (1), the disqualification referred to in those sub-clauses shall not take effect :-		
		(a)	for thirty days from the date of adjudication, sentence or order; or	

Article	Matter	Subject
	(b) where an appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of, or (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.	
96	Any Director or other person referred to in Section 314 of the Act may be appointed to or hold any office or place of profit under the Company or any subsidiary of the Company in accordance with the provisions of that Section.	Directors not to hold office of profit under the Company of its subsidiary
97.	Subject to the provisions of Section 297 of the Act, neither shall a director be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.	Conditions under which Directors may Contract with Company
98.	Every Director who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, entered into or to be entered into, by or on behalf of the Company (not being a contract or arrangement entered into or to be entered into between the Company and any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two per cent of the paid up share capital in the other Company), shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice, renewable in the last month of each financial year of the Company, that a Director is a director or a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made an, after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm, provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.	Disclosure of a Director's interest
99.	No Director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement in which he is in any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to (a) any contract of indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety for the Company; or (b) any contract or arrangement entered into or to be entered into by the Company with a public company or with a private company which is a subsidiary of a public company, in which the interest of the Director consists solely in his being a director of such company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a director thereof, he having been nominated as such director by the Company or in his being a member of the Company holding not more than two percent of the paid up share capital of the Company.	Discussion and voting by Director interested

Article	Matter	Subject
	ROTATION OF DIRECTORS	
100.	All the first Directors shall retire at the first General Meeting and at each subsequent Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office. A Managing Director and a Director appointed under Article 86 shall not be liable to retire by rotation within the meaning of this Article.	Rotation and retirement of Directors
101.	The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.	Which Directors to retire
102.	Save as permitted by Section 263 of the Act, every resolution of a General Meeting for the appointment of a Director shall relate to one named individual only.	Appointment of Directors to be voted on individually
103	The Company at the Annual General Meeting at which a Director retires by rotation in manner aforesaid may fill up the vacated office by appointing the retiring Director or some other person thereto. If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless : a) at the meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the vote and lost; or b) the retiring Director has by notice in writing addressed to the Company or the Board expressed his unwillingness to be reappointed; or c) he is not qualified or is disqualified for appointment; or d) a resolution, whether special or ordinary, is required for his appointment or reappointment by virtue of any provisions of the Act; or e) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.	Meeting to fill up vacancies
104.	The Company may, subject to the provisions of Section 284 of the Act, by ordinary resolution of which Special Notice has been given, remove any Director before the expiration of his period of office and may, by ordinary resolution of which Special Notice has been given, appoint another person in his stead, if the Director so removed was appointed by the Company in general meeting or by the Board under Article 105. The person so appointed shall hold office until the date up to which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Articles is not so filled by the meeting at which he is removed, the Board may, at any time thereafter, fill such vacancy under the provisions of Article 105.	Power to remove Director by ordinary resolution on Special Notice
105.	If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course the	Board may fill up causal vacancies

Article	Matter	Subject
	resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long only as the Vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 104.	
106	No person not being a retiring Director shall be eligible for appointment to the office of Director at any general meeting unless he or some members intending to propose him has, not less than fourteen days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of Director or, the intention of such member to propose him as a candidate for that office as the case may be along with a deposit of Rs. 500/- (Rupees five hundred only) or such sum as may be prescribed by the Act, which shall be refunded to such person, or as the case may be to such member, if the person succeeds in getting elected as a Director. The Company shall inform its members of the candidature of a person for the office of Director or the intention of a member to propose such person as a candidate for that office, by serving individual notices on the members not less than seven days before the general meeting; Provided that it shall not be necessary for the Company to serve individual notice upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the general meeting in at least two newspapers circulating in the place where the Office is located, of which one is published in the English language and the other in the regional language of that place.	When Candidate for office of Director must give notice
	ALTERNATE DIRECTORS	
*107.	The Board may appoint any person to act as alternate director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held. A Director appointed by BIL and JPM shall have the right to recommend to the Board the appointment of an alternate Director (who shall not require any qualification) to act on his behalf and vote at meetings of the Board, during his absence for a period of not less than three months from the State in which meetings of the Board are held, and upon receipt of such recommendation the Board shall appoint the person so recommended to act as alternate director for a Director. The letter of recommendation shall be presented to the Board prior to the relevant Board meeting. Such alternate Director shall be entitled, while holding office as such, to receive notices of meetings of the Board and to attend and vote as a Director at any such meeting at which the Director appointing him is not present and generally to exercise all the powers, rights, duties and authorities and to perform all functions of the Director appointing him including counting in the quorum for such meeting. * Substituted vide a special resolution passed at Extra Ordinary General Meeting held on February 10, 2006	Power to appoint Alternate Director
	PROCEEDINGS OF DIRECTORS	
108.	The Board shall meet together at least once in every three months for the despatch of business and may adjourn and otherwise regulate its meeting and proceedings as it thinks fit provided that at least four such meetings shall be held every year. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director. Meetings of the Board shall be held at such place as the Board may from time to time determine.	Meetings of Directors
110.	The Board may elect a Chairman and a Vice-Chairman of their meetings and determine the period for which they are respectively to hold office; but if no such Chairman or Vice-Chairman is elected or if at any meeting of the Board the Chairman or Vice Chairman be not present within ten minutes after the time appointed for holding the same, the Directors present shall	Chairman

Article	Matter	Subject
	choose one of their number to be the Chairman of such meeting.	
111	The quorum for a meeting of the Board shall in accordance with the Provisions of Section 287 of the Act be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher provided that if at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength of the Board, the number of the remaining Directors present at the meeting being not less than two who are not interested shall be a quorum during such time. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such a date and time as the Chairman of the Board shall appoint.	Quorum
112.	A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretion's by or under these Articles for the time being vested in or exercisable by the Board.	Powers of Quorum, Meeting
113.	Subject to the provisions of Sections 316, 372 (5) and 386 of the Act questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.	How Question to be decided
114.	The Board may, subject to the provisions of the Act, from time to time and at any time delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may from time to time revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.	Power to appoint Committees and to delegate
115.	The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulations made by the Board under the last Preceding Article.	Proceedings of Committee
116.	Acts done by a person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles, Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.	When acts of a Director valid notwithstanding defective appointment etc.
117	Save in those cases where a resolution is required by Sections 262, 292, 297, 316, 372 (5) and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be, then in India (not being less in number then the quorum fixed for a meeting of the Board or committee, as the case may be) and to all other Directors or members of the Committee at their usual address in India, and has been approved by such of them as are then in India or by a majority of such of them, as are entitled to vote on the resolution.	Resolution without Board Meeting by circulation
	MINUTES	
118	(1) The Board shall cause Minutes to be kept by making within thirty days of the conclusion of every general meeting or of every meeting of the Board or Committee of the Board, entries thereof in books kept for the purpose with their pages consecutively numbered, each page of every such book being initialed or signed and the last page of the record of proceedings of each meeting in such books being dated and signed, in the case of minutes of	Minutes to be made

Article	Matter	Subject
	proceedings of a meeting of the Board or a Committee thereof, by the Chairman of the said meeting or the Chairman of the next succeeding meeting and, in the case of minutes of proceedings of a general meeting, by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purposes, provided that in no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise: The Minutes shall contain particulars :- (a) of the names of the Directors present at each meeting of the Board and of any Committee of the Board and in the case of each, resolution passed at the meeting, the names of Directors, if any dissenting from, or not concurring in, the resolution; (b) of all orders made by the Board and Committees of the Board; (c) of all appointments of Directors and other officers of the Company; and (d) of all proceedings of general meeting of the Company and of meeting of the Board and Committees of the Board. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat. PROVIDED that no matter need be included in any such Minutes which the Chairman of the meeting, in his absolute discretion, is of opinion :- (a) is, or could reasonable be regarded as, defamatory of any person; (b) is irrelevant or immaterial to the proceedings; or (c) is detrimental to the interests of the Company. (2) Any such Minutes of any meeting of the Board or of any Committee of the Board or of the Company in general meeting if kept in the manner provided in paragraph (1) above shall be evidence of the proceedings recorded in such Minutes. The Minute Books of general meetings of the Company shall be kept at the office and shall be open to inspection by members on business days between the hours of 11.30 a.m. and 1.30 p.m.	
	POWERS OF THE BOARD	
119.	Subject to the provision of the Act, the Control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorized to exercise and do. The Board shall be entitled to pay all expenses of an incidental to the formation of the Company and in particular all expenses incurred by the promoters for the purpose. Provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in general meeting. Provided further that in exercising any such power or doing any such act or thing the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and fully made thereunder, including regulations made by the	General power of Company vested in the Board

Article	Matter	Subject
	Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.	
	LOCAL MANAGEMENT	
120	Subject to the provisions of the Act, the following regulations shall have effect :	
	(1) The Board may, from time to time, provide for the management of the affairs of the Company outside India (or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the four next following paragraphs shall be without prejudice to the general powers conferred by this paragraph;	Local Management
	(2) The Board may, from time to time and at any time, establish any Local Directorates or agencies for managing any of the afffairs of the Company outside India, or in any specified locality in India and may appoint any persons to be members of such Local Directorate or any managers or agents and may fix their remuneration and save as provided in Section 292 of the Act, th Board from time to time, and at any time, delegate to any person so appointed any of the powers, authorities and discretions from the time being vested in the Board and may authorize the members for the time being of any such Local Directorate or any of them to fill up any vacancies therein and to act notwithstanding vacancies; and any such appointment or delegation may be made on such terms subject to such conditions as the Board may think fit and the Board may, at any time, remove any person so appointed and may annul or vary any such delegation.	Local Directorate delegation
	(3) The Board may, at any time and from time to time, by Power-of-Attorney under Seal, appoint any persons to be the Attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those which may be delegated by the Board under the Act) and for such period and subject to such conditions as the Board may, from time to time, think fit; any such appointment may, if the Board thinks fit, be made in favour of the members or any of the members of any local Directorate established as aforesaid, or in favour of any company or of the members, directors nominees, or officers of any company or firm, or in favour of any fluctuating body of persons whether any company or firm, whether nominated directly or indirectly by the Board; and any such power-of-attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys as the Board thinks fit.	Powers-of-Attorney
	(4) Any such delegates or attorneys as aforesaid may be authorised by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.	Sub-delegation
	(5) The Company may exercise the powers conferred by Section 50 of the Act with regard to having an Official Seal for use abroad, and such powers shall be vested in the Board, and the Company may cause to be kept in any State or country outside India, as may be permitted by the Act, a Foreign Register of Members or debenture-holders resident in any such State or country and the Board may, from time to time, such regulations as it may think fit respecting the keeping of any such Foreign Register, such regulations not being inconsistent with the provisions of Sections 157 and 158 of the Act; and the Board may, from time to time, make such provisions as it may think fit relating thereto and may comply with the requirements of any local law and shall, in any case, comply with the provisions of Sections 157 and 158 of the Act	Seal for use abroad Foreign Register

Article	Matter	Subject
	MANAGING DIRECTOR / MANAGER	
121	(a) Subject to the provisions of Sections 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of the Company, either for a fixed term or without any limitation as to the period for which he or they is or are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.	Power to appoint Managing Director
	(b) Subject to the provisions of Section 269 and in accordance with the applicable provisions of the Act, the Board may appoint any person to be a 'Manager' within the meaning of the Companies Act on such terms and remuneration as it may deem fit. A Manager so appointed may be removed by the Board. The Board may from time to time vest in such Manager such of the powers exercisable by Board as it may think fit and such powers may be exercised for such period or periods upon such conditions and such restrictions and generally on such terms as the Board may determine. A Director may be appointed as Manager.	Power to appoint Manager
122.	Subject to the provisions of Section 255 of the Act, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.	To what provisions he shall be subject
123.	If at any time the total number of Managing Directors, together with Directors nominated under Article 86 is more than one-third of the total number of Directors, the Managing Directors who shall not retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Managing Directors shall be determined by the dates of their respective appointments as Managing Directors by the Board and the most senior shall be last to retire.	
124	Subject to the provisions of Section 309, 310 and 311 of the Act, a Managing Director shall, in addition to the remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration as may, from time to time, be sanctioned by the Company.	Remuneration of Managing Director
125.	Subject to the provisions of the Act in particular to the prohibitions and restrictions contained in Section 292 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these Articles by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit; and the Board may confer such powers, either collaterally with, or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf; and may from time to time revoke, withdraw, alter or vary all or any of such powers.	Power of Managing Director
	THE SEAL	
126.	*The Board shall provide for the safe custody of the Seal and the Seal shall never be used except by the authority previously given of the Board or a Committee of the Board authorised by the Board in that behalf and, save as provided in Article 14(1) hereof, one Directors at least and the Secretary of the Company, if any, shall sign every instrument to which the Seal is affixed. Provided nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the	Custody of Seal

Article	Matter	Subject
	Company notwithstanding any irregularity touching the authority of the Board to issue the same. *Resolved that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the manner following, that is to say, the word 'one' appearing in the fourth line of the existing Article 126 of the Articles of Association be deleted and substituted by the word 'two'." *Altered by a Special Resolution passed at the Annual General Meeting of the Company held on 25/09/2000.	
	ANNUAL RETURNS	
127.	The Company shall comply with the provision of Sections 159 and 161 of the Act as to the making of Annual Returns.	Annual Returns
	RESERVES	
128	The Board may, from time to time before recommending any dividend, set apart any and such other portion of the profits of the Company as it thinks fit as Reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalization of dividends, for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company; and may, subject to the provisions of Section 372 of the Act, invest the several sums so set aside upon such investments (other than shares of the Company) as it may think fit, and from time to time deal with and vary such investment and dispose of all or any part thereof for the benefit of the Company, and may divide the Reserves into such special funds as it think fit, with full power to employ the Reserves or any parts thereof in the business of the Company, and that without being bound to keep the same separate from the other assets.	Reserves
129.	All moneys carried to the Reserves shall nevertheless remain and be profits of the Company applicable, subject to due provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the purposes of the Company may, subject to the provisions of Sections 370 and 372 of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time, think proper.	Investment of money
	CAPITALISATION OF RESERVES	
130.	Any general meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve Account or in the hands of the Company and available for dividends or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividends and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such members in paying up in full any unissued shares, debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution of payment shall be accepted by such members in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a Share premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.	Capitalisation of Reserves

Article	Matter	Subject
131	A general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.	Surplus moneys
132.	For the purposes of giving effect to any resolution under the two last preceding Articles and Article 141 hereof the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates,and may fix the value for distribution of any specific assets, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets, in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.	Fractional certificates
	DIVIDENDS	
*133	Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto, the full amount of profits of the Company available for distribution in respect of each financial year after providing for (a) working capital; (b) such transfers to reserves and all such provisions as in the opinion of the Board ought reasonably to be made including those required by the Act; (c) cash funds required to enable the Company to operate in accordance with the Business Plan; and (d) any outstanding obligations to service any loan, which it shall from time to time be determined to divided in respect of any year shall be applied in the payment of a dividend on the Equity Shares of the Company and distributed to the Shareholders pro rata to their Relevant Percentage but so that a partly paid up share shall only entitle the members in respect thereof to such proportion of the distribution upon a fully paid up share as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits. Provided always that any capital paid up on a share during the period in respect of which a dividend is declared shall, unless otherwise resolved, only entitle the member holding such share to a proportionate amount of such dividend from the date of payment by the member. * Substituted vide a special resolution passed at Extra Ordinary General Meeting held on February 10, 2006	How profits shall be divisible
*134	The Company shall distribute its profits available for distribution as determined pursuant to Article 133 above within thirty days from the annual general meeting at which the dividends are declared. * Substituted vide a special resolution passed at Extra Ordinary General Meeting held on February 10, 2006	Declaration of Dividends
135.	No larger dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.	Restrictions
136.	Subject to the provisions of Section 205 of the Act, no dividend shall be payable except out of the profits of the Company or out of moneys provided by the Central or a State Government of the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.	Dividend out of profits only and not to carry interest
137.	The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.	What to be deemed net profits

Article	Matter	Subject
138.	The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.	Interim dividends
139.	The Board may deduct from any dividend payable to any members all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company. In addition to its rights under Article 45, the Board may also retain the dividends payable upon shares referred to in the Transmission Article until the person entitled thereto complies with the provisions of Article 44.	Debts may be deducted
140.	Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend and the dividend may, if so resolved by the Company in general meeting, be set off against the call.	Dividend and call together
141.	No dividend shall be payable except in cash provided that nothing herein contained shall be deemed to prohibit the capitalisation of profits or reserves of a company for the purpose of issuing fully paidup bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.	Dividend in cash
142	A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.	Effect of transfer
143.	No dividend shall be paid in respect of any share except to the member registered in respect of such share or to his order or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a member to make a separate application to the Company for the payment of the dividend.	To whom dividends payable
144.	Any of the several persons who are members registered jointly in respect of any share may give effectual receipt for all dividends, bonuses and other payments in respect of such share.	Members registered jointly
145.	Notice of any dividend, whether interim or otherwise, shall be given to the persons entitled to share therein in the manner hereinafter provided.	Notice of dividends
146.	Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other moneys payable in cash respect of a share may be paid by cheque or warrant sent through the post addressed to the registered address of the member entitled to the payment of the dividend, interest or other moneys or in the case of members registered jointly to the registered address of the first named in the Register or to such person and such address as the member or members, as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible or liable for any cheque or warrant lost in transmission, or for any dividend lost to the person entitled thereto by a forged endorsement or the fraudulent or improper conversion thereof by any other means, subject to the provisions of Sections 53 & 207 of the Act.	Payment by post
147.	No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the Company shall comply with all the provisions of section 205-A of the Act in respect of unclaimed or unpaid dividends.	Unclaimed dividend
	BOOKS AND DOCUMENTS	
148.	The Board shall cause to be kept in accordance with Section 209 of the Act proper books of account with respect to :-	Books of Account to be kept

Article	Matter	Subject
	(1) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;	
	(2) all sales and purchases of goods by the Company;	
	(3) the assets and liabilities of the Company, and	
	(4) such particulars relating to utilisation of material or labour or to other items of cost as may be required by the Central Government.	
149.	(1) The books of account shall be kept at the Office or at such other place in India as the Board may decide and when the Board so decides, the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.	Where to be kept
	(2) The Company shall have a branch office whether in or outside India, proper books of account relating to the transactions effected at such branch office shall be kept at that office and proper summarised returns made up to date at intervals of not more than three months shall be sent by such branch office to the Office or to other place referred to in sub-clause (i) hereof.	
	(3) The books of account of the Company together with the vouchers relevant to any entry in such books of account shall be preserved in good order for a period of not less than eight years from the date of incorporation of the Company and, after the said period of eight years, the books of account of the Company together with the vouchers as aforesaid relating to a period of not less than eight years immediately preceding the current year shall be preserved in good order.	
150	(1) The books of account and other books and papers shall be opened to inspection during business hours by any Director, the Registrar or any officer of Government authorised by the Central Government in this behalf.	Inspection
	(2) The Board shall, from time to time, determine whether and to what extent, and at what times and places, and under what conditions or regulations, the books of account and books and documents of the Company other than those referred to in Article 118(2) and 173, or any of them, shall be open to the inspection of the members not being Directors; and no member (not being a Director) shall have any right of inspecting any books of account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.	
	BALANCE SHEET AND ACCOUNTS	
151.	At every Annual General Meeting the Board shall lay before the Company a Balance Sheet and Profit and Loss Account made up in accordance with the provisions of Section 210 of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirements of Sections 210, 211, 212, 215 and 216 and of Schedule VI to the Act so far as they are applicable to the Company but, save as aforesaid, the Board shall not be bound to disclose greater details of the result or extent of the trading and transactions of the Company than it may deem expedient.	Balance sheet and Profit and Loss Account
152.	There shall be attached to every Balance Sheet laid before the Company a report by the Board complying with Section 217 of the Act.	Annual Report of Directors
153.	A copy of every Balance Sheet (including the Profit and Loss Account, the Auditor's report and every document required by law to be annexed or attached to the Balance Sheet) shall, as provided by Section 219 of the Act,	Copies to be sent to members and others

Article	Matter	Subject
	not less than twenty-one days before the meeting be sent to every such member, trustee for debenture-holders and other person to whom the same is required to be sent by the said Section .	
154.	The Company shall comply with Section 220 of the Act as to filing copies of the Balance Sheet and Profit and Loss Account and documents required to be annexed to or attached thereto with the Registrar.	Copies of Balance Sheet, etc. to be filed
	AUDIT	
155.	Once at least in every year the books of account of the Company shall be examined by one or more Auditor or Auditors.	Accounts to be audited annually
156.	(1) The first Auditor or Auditors of the Company shall be appointed by the Board within one month of the date of registration of the Company; and the Auditor or Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting of the Company.	First Auditors
	(2) The Company at each Annual General Meeting shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting and shall, within seven days of the appointment, give intimation thereof to every Auditor or Auditors so appointed. The appointment, remuneration rights and duties of the Auditor or Auditors shall be regulated by Sections 224 to 227 of the Act.	Appointment and remuneration of Auditors
157.	Where the Company has a branch office the provisions of Sections 228 of the Act shall apply.	Audit of accounts of branch office of Company
158.	All notices of, and other communications relating to any general meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company; and the Auditor shall be entitled to attend any general meeting and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor.	Right of Auditor to attend General Meeting
159.	The Auditor's Report shall be read before the Company in general meeting and shall be open to inspection by any member of the Company.	Auditors Report to be read
160.	Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in general meeting shall be conclusive.	When accounts to be deemed finally settled
	SERVICE OF NOTICES AND DOCUMENTS	
161.	(1) A notice or other document may be given by the Company to any member either personally or by sending it by post to him to his registered address or (if he has not registered address in India) to the address, if any, within India supplied by him to the Company, for the giving of notices to him.	How notices to be served on members
	(2) Where a notice or other document is sent by post:	Service by post
	(a) Service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice or document, provided that where a member has intimated to the Company in advance that notices or documents should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sufficient sum to defray the expenses of doing so, service of the notice or document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and	

Article	Matter	Subject
	(b) such service shall be deemed to have been effected :- 1) in the case of a notice of a meeting at the expiration of forty-eight hours after the letter containing the same is posted, and 2) in any other case, at the time at which the letter would be delivered in the ordinary course of post.	
162.	A notice or other documents advertised in a newspaper circulating in the neighborhood of the office shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him. Any member who has no registered address in India shall, if so required to do by the Company, supply, the Company with an address in India for the giving of notices to him.	Notice to members who have not supplied addresses
163	A notice or other document may be served by the Company on the member registered jointly in respect of a share by giving the notice to the member named first in the Register.	Notice to members registered jointly
164.	A notice or other document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the insolvent or by any like description, at the address in India supplied for the purpose by the persons claiming to be so entitled, or, until such an address has been so supplied, by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.	Notice to persons entitled by transmission
165.	Any notice required to be given by the Company to the members or any of them and not expressly provided for by these Articles or by the Act shall be sufficiently given if given by advertisement.	When notice may be given by advertisement
166.	Any notice required to be or which may be given by advertisement shall be advertised once in one or more newspapers circulating in the neighbourhood of the office.	How to be advertised
167.	Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.	When notice by advertisement deemed to be served
168.	Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register shall have been duly given to the person who he derives his title to such share.	Transfers etc., bound by prior notices
169.	Subject to the provisions of Article 164, any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased and whether or not the Company have notice of his demise, be deemed to have been duly served in respect of any share, whether registered solely or jointly with other persons until some other person be registered in his stead as the member in respect thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such share.	Notice valid though member deceased
	KEEPING OF REGISTERS AND INSPECTION	

Article	Matter	Subject
171.	The Company shall duly keep and maintain at the office, in accordance with the requirements of the Act in that behalf, the following Registers : (1) A Register of Charges pursuant to Section 143 of the Act. (2) A Register of Members pursuant to Section 150 and whenever the Company has more than fifty members, unless such Register of Members is in a form which itself constitutes an index, an index of members pursuant to Section 151 of the Act. (3) A Register of Renewed and Duplicate Certificates pursuant to Rule 7(2) of the Companies (issue of Share Certificates) Rules, 1960. (4) A Register of Debenture-holders pursuant to Section 152 and, whenever the Company has more than fifty Debenture-holders unless such Register of Debenture-holders itself constitutes an index, and index of Debenture-holders pursuant to Section 152(2) of the Act. (5) A Register of Contracts pursuant to Section 301 of the Act. (6) A Register of Directors, Manager, Managing Directors and Secretary pursuant to Section 303 of the Act. (7) A Register of Directors' Share-holdings pursuant to Section 307 of the Act. (8) A Register of Investment made by the Company in shares and debentures of bodies corporate in the same group pursuant to section 372 of the Act. (9) A Register of Investment not held by the Company in its own name pursuant to Section 49(7) of the Act.	Registers, etc., to be maintained by Company
172.	The Company shall comply with the provisions of Sections 39, 118, 163, 196, 219, 301, 302, 304, 307, 362 and 372 of the Act as to the supplying of copies of the registers, deeds, documents, instruments, returns, certificates and books therein mentioned to the persons therein specified when so required by such persons, on payment of the charges, if any, prescribed by the said Sections.	Supply of copies of Registers, etc.
173.	Where under any provisions of the Act any person, whether a member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during the hours of 11.30 a.m. and 1.30 p.m. on such business days as the act requires them to be open for inspection.	Inspection of Registers, etc.
174.	The Company may, after giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district of the Office, close the Register of Members or the Register of Debenture-holders, as the case may be, for any period or periods not exceeding in the aggregate forty-five days in each year but not exceeding thirty days at any one time.	Registers of shares and debenture-holders book closed
	RECONSTRUCTION	
175.	On any sale of the undertaking of the Company the Board or the Liquidators on a winding-up may, if authorised by a Special Resolution, accept fully paid or partly paid up shares, debentures or securities of any other Company, whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permit) or the Liquidators (in a winding-up) may distribute such shares or securities, or any other property of the Company amongst the members without realisation, or vest the same in trustees for them, and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property, otherwise than in accordance with the strict legal rights of the	Reconstruction

Article	Matter	Subject
	members or contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under Section 494 of the Act as are incapable of being varied or excluded by these Articles.	
	SECRECY	
176.	Every Director, Manager, Secretary, Trustee for the Company, its member or debenture-holders, member of a committee, officer, servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.	Secrecy
177.	No member or other person (not being a Director) shall be entitled to enter upon the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Board, or subject to Article 150(2), to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to communicate.	No member to enter the premises of the Company without permission
	WINDING-UP	
178.	If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding-up on the shares held by them respectively. and if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding-up paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of members registered in respect of shares issued upon special terms and conditions.	Distribution of assets
179.	If the Company shall be wound up, whether voluntarily or otherwise, the Liquidators may, with the sanction of a Special Resolution, divide among the contributories, in specie or kind, any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators, with the like sanction, shall think fit.	Distribution of assets in specie
	INDEMNITY	
180.	Every Director, Manager, Secretary or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed as Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Manager, Secretary, Officer, Employee or Auditor in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application	Indemnity

Article	Matter	Subject
	under Section 633 of the Act in which relief is granted to him by the Court.	

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

Copies of the following contracts which have been entered or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Prospectus) which are or may be deemed material. Copies of the material contracts disclosed in the Red Herring Prospectus were attached to a copy of the Red Herring Prospectus delivered to the Registrar of Companies, West Bengal – Kolkata for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, were available for inspection at the Corporate Office of the Company located at Mercantile Chambers, 1st Floor, 12 J.N.Heredia Marg, Ballard Estate, Mumbai – 400001, from 10.00 a.m. to 4.00 p.m. on working days from the date of the Red Herring Prospectus until the date of closure of the Offer.

A. Material Contracts

1. Letter of Engagement dated November 10, 2006 for the appointment of ICICI Securities Primary Dealership Limited and J.P. Morgan Private Limited from the Company and the Selling Shareholder appointing them as BRLM and CBRLM respectively.

2. Memorandum of Understanding dated November 10, 2006 between the Company, the Selling Shareholder, BRLM and CBRLM.

3. Memorandum of Understanding dated February 13, 2007 between the Company and the Registrar to the Offer.

4. Escrow Agreement dated February 28, 2007 between the Company, the Selling Shareholder, BRLM, CBRLM, Escrow Collection Bank and the Registrar to the Offer.

5. Underwriting Agreement dated May 15, 2007 between the Company, the Selling Shareholder, BRLM, CBRLM and the Syndicate Member.

6. Syndicate Agreement dated February 28, 2007 between the Company, the Selling Shareholder, BRLM, CBRLM and the Syndicate Member.

7. Resolution of the Board, passed by circulation dated October 24, 2006 approving the Offer by the Selling Shareholder.

8. Certified true copy of the resolution(s) passed by the Board of Directors of JPMSSM passed on October 9, 2006 authorising the Offer.

B. Documents for Inspection

1. Certified copies of the updated Memorandum and Articles of Association of the Company as amended from time to time.

2. Certificate of Incorporation of the Company dated January 15, 1996.

3. Certificate of Incorporation on change of name of the Selling Shareholder from Silver Peak Investments (Mauritius) Limited to JPMorgan Special Situations (Mauritius) Limited dated August 3, 2006 issued by the Registar of Companies, Mauritius.

4. The report of M/s Deloitte Haskins & Sells and M/s. Kanu Doshi Associates the statutory auditors, dated April 4, 2006 prepared as per Indian GAAP and mentioned in this Prospectus together with copies of balance sheet and profit and loss account of the Company referred to therein.

5. Consent from the Auditors for inclusion of their names as the statutory auditors and of their reports on accounts in the form and context in which they appear in this Prospectus.

6. The Tax Benefit Report dated November 8, 2006 from the Company's statutory auditors.

7. Consent of Directors, Legal Advisors to the Offer, the Syndicate Member, Registrars to the Offer, Escrow Collection Banker, Banker to the Offer, Bankers to the Company, Company Secretary and Compliance Officer as referred to in their specific capacities.

8. Resolution of the Members of BCL passed at the Annual General Meeting held on July 5, 2006 appointing M/s Deloitte Haskins & Sells and M/s. Kanu Doshi Associates as joint statutory auditors for the year2006-2007.

9. Agreement dated March 2, 2007 along with the resolution of the meeting of the Board, held on April 28, 2005 revising the appointment of and remuneration payable to Mr. D. Sundararajan, whole-time Director.

10. Agreement dated January 31, 2007 along with the resolution of the meeting of the Board held on January 31, 2007 approving the appointment of and remuneration payable to Mr. P. Sheoran.

11. Due Diligence Certificate dated November 10, 2006 addressed to SEBI from the BRLM.

12. SEBI observation Letter No. CFD/DIL/ISSUES/PB/PR/86416/2007. dated February 14, 2007..

13. Initial listing application dated November 9, 2006 and November 13, 2006, for listing the Equity Shares of the Company on NSE and BSE respectively.

14. In principle listing approvals dated November 29, 2006 and December 1, 2006 issued by NSE and BSE respectively.

15. No objection letter from RBI for the Allocation to FIIs, NRIs and other permitted persons through this Offer pursuant to its letter no. FE.CO.FID/12096/10.21.047/2006-07 dated December 4, 2006.

16. Shareholders’ Agreement dated September 29, 2005 entered into among the Company, BIL and JPMSSM.

17. Shareholders Agreement dated July 29, 2006 entered into among the Company, BIL and GPHL.

18. Shareholders Agreement dated July 29, 2006 entered into among the Company, BIL, JPMSSM and GPHL.

19. Tripartite Agreement dated September 16, 2006 entered into among the Company, NSDL and the Registrar and Transfer Agentto the Company.

20. Tripartite Agreement dated August 30, 2006 entered into among the Company, CDSL and the Registrar and Transfer Agent to the Company.

21. Letter from IDBI Bank to the Company dated February 19, 2007 agreeing to release 103,581,650 equity shares of the Company pledged by BIL to IDBI Bank in order to facilitate this Offer.

22. Letter from UTI Bank Ltd. to the Company dated February 20, 2007 agreeing to release 103,581,650 equity shares of the Company pledged by BIL to UTI Bank Limited in order to facilitate this offer for sale.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be.

The Company further certifies that that all statements in this Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF THE COMPANY

Mr. Braj Binani, Chairman

Mr. S. Padmakumar

Mr. Sushil Bhatter

Mr. P. Sheoran

Mr. D. Sundararajan

Mr. V. Subramanian

Dr. V.C. Shah

Mr. Sanjai Vohra

Mr. M K Chattopadhyaya
Senior Vice President (Corporate) and Chief Financial Officer

SIGNED ON BEHALF OF THE SELLING SHAREHOLDER

The Selling Shareholder certifies that all statements in this Prospectus about or relating to the Selling Shareholder are true and correct and the Selling Shareholder assumes responsibility only for the statements about or relating to the Selling Shareholder.

Mr. Nicholas John Barnes
Director, J P Morgan Special Situations (Mauritius) Limited
Authorised Signatory

Date: April 23, 2007

Place: Mumbai

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