

Mr. Pratap Bhogilal - Chairman Emeritus

#### BOARD OF DIRECTORS

Mr. Nirmal Bhogilal - Chairman & Managing Director

Mr. S. D. S. Mongia

Mr. Vijay R. Kirloskar

Mr. Subodh Bhargava

Mr. E. A. Kshirsagar

Mr. Ameet Hariani

Mr. Ulrich Duden -

Mr. S. Ravi - Nominee of UTI (Ceased w.e.f. 15.05.2008)

Mr. George Verghese - Executive Director

Mr. Krushan Lal Swami - Executive Director (Ceased w.e.f. 31.05.2008)

#### CORPORATE MANAGEMENT

Mr. Nirmal Bhogilal Chairman & Managing Director

Mr. George Verghese C. E. O. Textile Air Engineering Group

Mr. Edwyn Rodrigues C. E. O. Textile Machinery Group

Mr. P.V.N. Sanjay C. E. O. Machine Tool Group (Ceased w.e.f. 03.06.2009)

Mr. Pradeep Pradhan C. E. O. Air Conditioning & Refrigeration Group

Mr. Sanjiv H. Joshi C. E. O. Environmental Engineering Group

Mr. Vineet Goel C. F. O.

Mr. B. B. Vanwari Chief Corporate Counsel & Company Secretary  
(Ceased w.e.f. 30.05.2009)

Mr. Gaurang C. Shah Chief Corporate Counsel & Company Secretary  
(Appointed w.e.f. 16.06.2009)

Mr. Ashok Joshi Chief Human Resource Officer

#### REGISTERED & CORPORATE OFFICE

Bharat House, 5th Floor, 104, Bombay Samachar Marg, Fort, Mumbai - 400 001. INDIA.

#### FACTORY

(i) P. O. Fateh Nagar, Surat Navsari Road, Udhna - 394 220.

(ii) Veerasandra Industrial Area Hosur Road, Bangalore-560100.

#### AUDITORS

M/s. V. Sankar Aiyar & Co.  
Chartered Accountants

#### REGISTRAR & SHARE

Datamatics Financial Services Ltd.

#### TRANSFER AGENTS

Plot No. A/16 & 17, MIDC, Part-B,  
Cross Lane, Marol, Andheri (E),  
Mumbai - 400 093.

#### BANKERS

Bank of Baroda  
Punjab National Bank  
ABN Amro Bank N.V.  
INDUSIND Bank Ltd.  
Barclays Bank PLC  
The Shamrao Vithal Co-op. Bank Ltd.

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**NOTICE**

**65<sup>th</sup> ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the **Sixty – Fifth** Annual General Meeting of **BATLIBOI Limited**, will be held **on Thursday, the 30<sup>th</sup> day of July, 2009 at 2.00 P.M.** at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6<sup>th</sup> Floor, 12 K Dubash Marg, Fort, Mumbai 400 001, to transact the following business:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009, the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Vijay Kirloskar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ameet Hariani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. George Verghese, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without any modification, the following resolution as an **ORDINARY RESOLUTION:**

**“RESOLVED THAT** Messrs. V. Sankar Aiyar & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, on a remuneration as may be mutually agreed between the said Auditors and the Board of Directors.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to appoint Auditors for Branches and Factories in consultation with the Company’s Auditors on such terms and conditions including the remuneration as the Board of Directors may deem fit.”

**SPECIAL BUSINESS :**

6. To consider and if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION :**

**“RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309, 310,311 read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956 including any statutory modifications or re-enactments thereof and subject to the approval of the Central Government and such other sanctions as may be necessary, the Company do hereby accord its approval to the payment of remuneration to Mr. Nirmal Bhogilal, Chairman & Managing Director of the Company in the case of absence or inadequacy of profits during any Financial Year in the pay scale earlier approved by the shareholders in the Annual General Meeting held on 28.07.2007 and the said remuneration is to be treated as “minimum remuneration” as may be approved by the Central Government and that the Board of Directors (hereinafter referred to as “Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) be and is hereby authorised to effect such modification(s) in the terms and conditions of the said appointment and / or remuneration payable to Mr. Nirmal Bhogilal as may be approved by the Board and Mr. Nirmal Bhogilal.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to make necessary alterations if any made by the Central Government in the terms and conditions of the said appointment.

**RESOLVED FURTHER THAT** the above resolution shall be applicable for payment of remuneration in the case of absence or inadequacy of profits for a maximum period of 3 years i.e. with effect from 01.04.2008 to 31.03.2011.”

7. To consider and if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION :**

**“RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956 including any statutory modifications or re-enactments thereof and such other sanctions as may be necessary, the Company do hereby accord its approval to the payment of remuneration to Mr. George Verghese, Executive Director of the Company, in accordance with the pay scale earlier approved by the shareholders in the Annual General Meeting held on 19.07.2006 as “minimum remuneration” in the case of absence or inadequacy of profits during any Financial Year and that the Board of Directors (hereinafter referred to as “Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) be and is hereby authorised to effect such modification(s) in the terms and conditions of the said appointment and / or remuneration payable to Mr. George Verghese as may be approved by the Board and Mr. George Verghese.

**RESOLVED FURTHER THAT** the above resolution shall be applicable for payment of remuneration in the case of absence or inadequacy of profits during any financial year and shall be effective for maximum period 01.04.2008 to 31.12.2009 (being the residual period of tenure of Mr. George Verghese).”

8. To consider and if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION :**

**“RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956 including any statutory modifications or re-enactments thereof and such other sanctions as may be necessary, the Company do hereby accord its approval to the payment of remuneration to Mr. Krushan Lal Swami, Past Executive Director and Group CFO of the Company in view of absence of profits in accordance with the pay scale approved earlier by the shareholders in their Annual General Meeting held on 19.07.2006 as “minimum remuneration” and that the Board of Directors (hereinafter referred to as “Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) be and is hereby authorised to approve the payment of said remuneration.

**RESOLVED FURTHER THAT** the said approval for payment of remuneration to Mr. Krushan Lal Swami is for the period 01.04.2008 to 31.05.2008 (being the period of his employment in the Company).”

**NOTES:**

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the business set out in the Notice, wherever applicable, is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
3. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from **23<sup>rd</sup> day of July, 2009 to 30<sup>th</sup> day of July, 2009** (both days inclusive).
5. Any change of particulars including address, bank mandate and nomination for shares held in demat form should be notified only to the respective Depository Participants where the member has opened his/her demat account. However, any change in particulars in respect of shares held in physical form should be sent to the Company's Share Transfer Agents Datamatics Financial Services Ltd – Plot No. A/16 & 17, MIDC, Part-B, Cross lane, Marol, Andheri (E), Mumbai – 400 093.
6. Members are hereby informed that as per the provisions of the Companies Act, 1956 Dividend which remains unclaimed / un-encashed over a period of 7 years has to be transferred as per the provisions of the Companies Act, 1956 by the Company to "The Investor Education & Protection Fund" constituted by the Central Government under Section 205 C of the Companies Act, 1956.

Hereunder are the details of dividends paid by the Company and their respective due dates of transfer of unclaimed /un-encashed dividends to the designated fund of the Central Government:

Date of Declaration of Dividend	Dividend for the year	Due for transfer to the Fund
19 <sup>th</sup> July, 2006	2005-2006	August 2013
28 <sup>th</sup> July, 2007	2006-2007	August 2014
30 <sup>th</sup> Sept, 2008	2007-2008	October 2015

It may please be noted that once the unclaimed / un-encashed dividend is transferred to "The Investor Education & Protection Fund" as above, no claim shall lie in respect of such amount by the shareholder.

7. The profile of the Directors seeking re-appointment is mentioned in the Corporate Governance Report.

By Order of the Board of Directors

**BB VANWARI**

Chief Corporate Counsel & Company Secretary

Place : Mumbai

Date : 8<sup>th</sup> May, 2009

**Registered Office**

Bharat House, 5<sup>th</sup> floor,  
104, Bombay Samachar Marg,  
Fort, Mumbai – 400 001

**ANNEXURE TO NOTICE**

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 AND INFORMATION AS REQUIRED UNDER SCHEDULE XIII**

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice dated 8<sup>th</sup> May, 2009.

**Item No. 6**

Mr. Nirmal Bhogilal, was appointed as Chairman & Managing Director by the members at their AGM held on 19.07.2006 for a period of 5 years w.e.f. 01.04.2006 to 31.03.2011. His remuneration was revised by the members to include Commission as well in their AGM held on 28.07.2007 and the pay scale was fixed as following:

Salary : In the scale of Rs. 1,75,000/- p.m. to Rs. 4,00,000/- p.m.  
Perquisites : In the scale of Rs. 1,75,000/- p.m. to Rs. 4,00,000/- p.m.

The members had also approved that if during any financial year the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in the Schedule XIII of the Companies Act, 1956.

The Remuneration Committee had accordingly fixed the remuneration of Mr. Nirmal Bhogilal as follows which was revised w.e.f. 01.04.2008 in their meeting held on 27.07.2008:

	w.e.f. 01.04.2007	w.e.f. 01.04.2008
Salary	Rs. 2,58,000/- p.m.	Rs. 3,00,000/- p.m.
Perquisites	Rs. 2,58,000/- p.m.	Rs. 2,83,333/- p.m.
<b>TOTAL</b>	<b>Rs. 5,16,000/- p.m.</b>	<b>Rs. 5,83,333/- p.m.</b>

Since during the Financial Year 2008-09 there is absence of profits, hence the remuneration payment to Mr. Nirmal Bhogilal is required to be as per ceilings applicable in Schedule XIII Part II Section II (1)(C) of the Companies Act, 1956. The same requires prior approval of Central Government and shareholders approval by way of special resolution. The Company had made an application to Central Government on 25.11.2008 and the same is under consideration.

Mr. Nirmal Bhogilal – Chairman & Managing Director may be regarded as concerned or interested in the Resolution as it pertains to approval to his remuneration payment.

No Other Director is concerned or interested in the said Resolution.

Your Directors recommend the above resolution for your approval.

**Item No. 7 & 8**

Mr. George Verghese, was appointed as Executive Director by the members at their AGM held on 28.07.2007 for a period commencing from 01.04.2007 upto 31.12.2009 (i.e. the residual period of his employment with the Company) at the pay scale detailed below:

Mr. Krushan Lal Swami, was appointed as Executive Director & Group CFO by the members at their AGM held on 28.07.2007 for a period of 5 years w.e.f. 01.04.2007 to 31.03.2012 at the pay scale detailed below. His employment ceased due to resignation w.e.f. 31.05.2008

Name	Salary	Perquisites
George Verghese	In the scale of Rs. 1,00,000/- p.m. to Rs. 4,00,000/- p.m.	In the scale of Rs. 1,00,000/- p.m. to Rs. 4,00,000/- p.m.
Krushan Lal Swami	In the scale of Rs. 75,000/- p.m. to Rs. 4,00,000/- p.m.	In the scale of Rs. 75,000/- p.m. to Rs. 4,00,000/- p.m.

The members had also approved that if during any financial year the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in the Schedule XIII of the Companies Act, 1956.

The Remuneration Committee had accordingly fixed the remuneration of Mr. George Verghese and Mr. Krushan Lal Swami w.e.f. 01.04.2007 as follows:

Name	Salary	Perquisites	Total
George Verghese	Rs.1,44,200/- p.m.	Rs.1,39,374/- p.m.	Rs.2,83,574/- p.m.
Krushan Lal Swami	Rs.1,15,000/- p.m.	Rs. 97,650/- p.m.	Rs.2,12,650/-p.m.

The Remuneration Committee had subsequently in their meeting held on 27.07.2008 revised the remuneration of Mr. George Verghese and the remuneration of Mr. Krushan Lal Swami was not revised since he was employed for two months only in the Financial Year i.e. till 31.05.2008. Their remuneration were as follows w.e.f. 01.04.2008

Name	Salary	Perquisites	Total
George Verghese	Rs.1,53,800/- p.m.	Rs. 1,24,740/- p.m.	Rs. 2,78,540/- p.m.
Krushan Lal Swami	Rs.1,15,000/-p.m.	Rs. 97,650/-p.m.	Rs. 2,12,650/- p.m.

Since during the Financial Year 2008-09 there is absence of profits, hence the remuneration payment to Mr. George Verghese and Mr. Krushan Lal Swami is required to be as per ceilings applicable in Schedule XIII Part II of the Companies Act, 1956 which allows maximum remuneration payment of Rs.3,00,000/- per month. The same requires members approval by way of Special Resolution.

Mr. George Verghese, Executive Director may be regarded as concerned or interested in the Resolution as it pertains to approval to his remuneration payment.

No other Director is concerned or interested in the said Resolution.

Your Directors recommend the above resolutions for your approval.

**General Information:**

(1) Nature of Industry	:	1. Manufacturing of Machine Tools, Textile Machinery, Air Conditioning & Humidification Plants & Equipments; 2. Marketing of various kinds of Machine Tools, Industrial Machinery & Equipment; 3. Manufacturing and Contracting in the field of Air Conditioning															
(2) Date or expected date of commencement of commercial production	:	N. A. The Company was incorporated as Private Company on 6 <sup>th</sup> December, 1941 and the commercial production is being carried on for more than 55 years.															
(3) In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	:	N. A.															
(4) Financial performance based on given indicators	:	<table border="1"> <thead> <tr> <th></th> <th>Current Year 2008-09 (Rs. In Lacs)</th> <th>Previous Year 2007-08 (Rs. In Lacs)</th> </tr> </thead> <tbody> <tr> <td>Turnover</td> <td>10603.64</td> <td>14433.07</td> </tr> <tr> <td>Profit/Loss</td> <td>(338.09)</td> <td>1007.17</td> </tr> <tr> <td>Net Worth</td> <td>4987.60</td> <td>4714.36</td> </tr> <tr> <td>Dividend</td> <td>—</td> <td>270.03</td> </tr> </tbody> </table>		Current Year 2008-09 (Rs. In Lacs)	Previous Year 2007-08 (Rs. In Lacs)	Turnover	10603.64	14433.07	Profit/Loss	(338.09)	1007.17	Net Worth	4987.60	4714.36	Dividend	—	270.03
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Dividend	—	270.03															
(5) Export performance and net foreign exchange collaborations.	:	<table border="1"> <thead> <tr> <th></th> <th>Current Year 2008-09 (Rs. In Lacs)</th> <th>Previous Year 2007-08 (Rs. In Lacs)</th> </tr> </thead> <tbody> <tr> <td>Sales for Export Purposes (Indirect Exports)</td> <td>589.88</td> <td>534.59</td> </tr> <tr> <td>Foreign Exchange Collaborations</td> <td>—</td> <td>—</td> </tr> </tbody> </table>		Current Year 2008-09 (Rs. In Lacs)	Previous Year 2007-08 (Rs. In Lacs)	Sales for Export Purposes (Indirect Exports)	589.88	534.59	Foreign Exchange Collaborations	—	—						
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(6) Foreign investments or collaborators, if any	:	<table border="1"> <thead> <tr> <th></th> <th>Current Year 2008-09 (Rs. In Lacs)</th> <th>Previous Year 2007-08 (Rs. In Lacs)</th> </tr> </thead> <tbody> <tr> <td>Investment made in Foreign Subsidiaries</td> <td>—</td> <td>2544.22</td> </tr> <tr> <td></td> <td>—</td> <td>2544.22</td> </tr> </tbody> </table>		Current Year 2008-09 (Rs. In Lacs)	Previous Year 2007-08 (Rs. In Lacs)	Investment made in Foreign Subsidiaries	—	2544.22		—	2544.22						
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Investment made in Foreign Subsidiaries	—	2544.22															
	—	2544.22															

## Batliboi Ltd.

### II. Information about the appointee:

(1) Background details	:	Mr. Nirmal Bhogilal	Mr. George Verghese	Mr. K. L. Swami
(a) Name	:	Mr. Nirmal Bhogilal	Mr. George Verghese	Mr. K. L. Swami
(b) Age	:	59 Years	59 Years	50 Years
(2) Past remuneration	:	Rs. (p.m.) Basic 2,58,000/- Perks 2,58,000/- <u>5,16,000/-</u>	Rs. (p.m.) Basic 1,44,200/- Perks 1,39,374/- <u>2,83,574/-</u>	Rs. (p.m.) Basic 1,15,000/- Perks 97,650/- <u>2,12,650/-</u>
(3) Recognition or awards	:	B. Sc. (Engg), Chemical Engg (London University), A.C.G.I.	B. E. (Tech)	B. Com, LL.B. PGDBM, AICWA, ACS, CAIIB.
(4) Job profile and his suitability	:	Overall in-charge of day to day management of the Company. He is having practical experience of 35 years in Machine Building & Engineering Industry.	Entrusted with day to day activities relating to the Textile Engineering Business Group & Air Conditioning Group	Was entrusted with day to day finance / accounts management of the Company
(5) Remuneration proposed	:	Rs. (p.m.) Basic 3,00,000/- Perks 2,83,333/- <u>5,83,333/-</u>	Rs. (p.m.) Basic 1,53,800/- Perks 1,24,740/- <u>2,78,540/-</u>	Rs. (p.m.) Basic 1,15,000/- Perks 97,650/- <u>2,12,650/-</u>
(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin).	:	<p><i>For Mr. Nirmal Bhogilal :-</i> In similar and comparable Engineering industries the salary paid to Chairman &amp; Managing Directors are approximately in the range of 12 to 16% of the Companies total wage bill which for similar sized Companies works out to not less than Rs. 150 lacs to Rs. 200 lacs. The salary of Rs. 70 lacs proposed to be paid to Mr. Nirmal Bhogilal is much below the industry average. The nature of Company's business is also very complex. The acquisition in Canada and France has brought added responsibilities of managing these businesses. All these factors justify the payment of said remuneration.</p> <p><i>For Mr. George Verghese and Mr. K. L. Swami:-</i> In the recent survey conducted by OMAM consultants in 2009 the salary of SM-1 Level i.e. with Business Unit responsibility had been mentioned as Rs. 39.92 lacs per annum at 66 percentile. As per prevalent wage trend in the industry the difference between levels No. 1 &amp; 2 now varies more than 50 to 100%.</p> <p>Mr. George Verghese is handling added responsibility of supervising AESA, France operations spread across 5 countries. Thus remuneration payment of approximately Rs. 33.42 lacs p.a. is justified in light of above.</p> <p>Mr. KL Swami resigned from the Company w.e.f. 31.05.2008 and the salary paid to him for two months had not been increased during the Financial Year 2008-09 and had been paid at last years levels.</p>		
(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	:	Mr. Nirmal Bhogilal –Chairman & Managing Director is a promoter of the Company and may be regarded as concerned or interested in his own appointment.		

**III. Other information:**

(1) Reason of loss or inadequate profits :	<p>The marginal growth in industrial production and global economic downturn has resulted in acute recession in the Textile &amp; Engineering industry. All this has resulted in reduction in Company's sales and profitability.</p> <p>The performance has been further impacted by reduction in margins due to abnormal rise in material costs.</p>
(2) Steps taken or proposed to be taken :	<p>The Company has implemented massive Cost cutting measures which involve reduction in for improvement manpower, renegotiation with suppliers and thereby improving profitability.</p> <p>The Company has also increased its product range so as to widen market reach and improve topline. The Company to protect its liquidity is in negotiation with banks for moratorium on term loans. All these efforts are expected to bring improvement in Company's sales and profits and achieve turnaround.</p>
(3) Expected increase in productivity and profits in measurable terms. :	<p>The Company made a profit after tax of Rs. 1321.90 lacs in 2006-07 and in 2007-08 the profits were Rs. 1007.10 lacs. The loss for the year under review (2008-09) is Rs. 338.10 lacs.</p> <p>The Company expects to turnaround and consolidate its position in the coming years.</p>

**IV. Disclosures:**

The remuneration package of Mr. Nirmal Bhogilal, Mr. George Verghese and Mr. Krushan Lal Swamy have been disclosed in the Explanatory Statement.

# Batliboi Ltd.

## DIRECTORS' REPORT

The Members,

Your Directors submit their 65<sup>th</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2009.

### 1. FINANCIAL RESULTS

	(Rs. in lakhs)			
	For the Year ended		For the Year ended	
	31.03.2009	31.03.2009	31.03.2008	31.03.2008
	Stand alone	Consolidated	Stand alone	Consolidated
<b>Gross Turnover (Including Indirect Sales)</b>	<b>19812.5</b>	<b>35666.2</b>	<b>29426.3</b>	<b>43833.1</b>
Net Sales	9753.0	25606.7	12961.3	27368.6
Other Income	906.8	1706.3	626.1	879.2
<b>TOTAL INCOME</b>	<b>10659.8</b>	<b>27313.0</b>	<b>13587.4</b>	<b>28247.8</b>
<b>Profit before Interest, Depreciation &amp; Tax (PBIDT)</b>	<b>358.2</b>	<b>2149.7</b>	<b>2100.0</b>	<b>3301.6</b>
Less: Interest	581.8	654.6	299.5	395.3
Less: Depreciation	200.1	607.9	184.5	489.9
<b>PROFIT BEFORE TAX (PBT)</b>	<b>(423.7)</b>	<b>887.2</b>	<b>1616.0</b>	<b>2416.3</b>
Fringe Benefit Tax	28.0	28.0	37.3	37.3
Provision for Taxation: Current Tax	-	425.8	551.1	886.7
Deferred Tax	(145.1)	(145.1)	20.5	20.5
Tax Adjustments in respect of earlier years	31.5	31.5	-	-
<b>PROFIT AFTER TAX (PAT)</b>	<b>(338.1)</b>	<b>547.0</b>	<b>1007.1</b>	<b>1471.8</b>
Less: Minority Interest	-	(7.8)	-	(15.8)
<b>PROFIT AFTER MINORITY INTEREST</b>	<b>(338.1)</b>	<b>554.8</b>	<b>1007.2</b>	<b>1487.6</b>
Add/(Less): Balance as per last Balance Sheet	1658.8	2139.4	1432.7	1432.6
Add: Amount Transferred on amalgamation of Batliboi SPM Pvt. Ltd.				
- Balance of Profit & Loss Account as on 01-04-2007	61.6	61.6	-	-
- Profit after Tax for Financial Year 2007-08	9.9	9.9	-	-
<b>Available Surplus/(Deficit)</b>	<b>1392.2</b>	<b>2765.5</b>	<b>2439.8</b>	<b>2920.2</b>
<b>APPROPRIATIONS</b>				
Proposed Dividend				
- On Equity Shares	-	-	270.0	270.0
Dividend Distribution Tax	-	-	45.9	45.9
Transfer to Capital Redemption Reserve	-	-	365.1	365.1
Transfer to General Reserve	-	-	100.0	100.0
Balance Carried to Balance Sheet	1392.2	2765.5	1658.8	2139.2
<b>TOTAL</b>	<b>2920.2</b>	<b>1392.2</b>	<b>2765.5</b>	<b>2439.8</b>

### 2. PERFORMANCE & PROSPECTS:

During the year under review, the global economy has gone through a deep slump and the financial markets have been in turmoil. Like all economies, India too has been impacted by this crisis. There has been a much lower GDP growth and a very marginal growth in industrial production. This has affected the capital goods industry of which your Company is a part of and, with capital expenditure investments being sharply curtailed by your Company's customers, the business of your Company has been severely affected. There has been a pressure on corporate margins as well on account of the sharp increase in raw material costs during the first half of the year.

All these above developments have sharply impacted the performance of your Company and therefore, the results for the year have been unsatisfactory. The standalone gross turnover has gone down by 32.67% to Rs. 198.12 crores, the total income

also has gone down by 21.55% to Rs. 106.60 crore resulting in an after tax loss of Rs. 3.38 crores. Your Company's foreign acquisitions have performed relatively better because of the substantial backlog that they had at the beginning of the year. Therefore, the consolidated performance of your Company has not been as severely affected. The gross turnover has gone down by 18.63% to Rs. 356.66 crores, the total income also has gone down by only 3.31% to Rs. 273.13 crores resulting in lower after tax profits of Rs. 5.47 crores.

While it seems that the worst of the economic crisis is over, unless substantial growth is seen in industrial production, expenditure in capital goods will continue to be moderate. Therefore, the year 2009-10 will be a challenging year for your Company considering the marginal growth in world GDP and the cautious approach that customers would be taking in investment decisions. Through major cost reduction programmes, greater focus on marketing to improve market share and through product development so as to widen customer reach, your Company is confident of meeting these challenges.

### 3. AMALGAMATION

The process of amalgamation of Batliboi SPM Pvt. Ltd (SPM) with the Company has been completed.

The above amalgamation is expected to bring in synergies and economies of scale and provide the necessary impetus to the operations of the Company in terms of increase in top line and bottom line.

### 4. PERFORMANCE OF FOREIGN SUBSIDIARIES AESA & QUICKMILL

The performance of both the subsidiaries of your Company was very encouraging.

#### Quickmill Performance

Your Company had made investment in Quickmill Inc., based in Canada in April, 2007. Quickmill is engaged in the business of manufacturing large size gantry drilling and milling machines and supplies its products mainly to the energy and component manufacturing sector. Quickmill has had an extremely good year in terms of profitability. YOY basis their profits increased by 62%. The current economic crisis has now put pressure on their margins and volumes. The management of Quickmill is looking at other potential markets / products worldwide and reducing costs significantly to meet this challenge.

#### AESA Air Engineering

Your Company had made investment in AESA Air Engineering SA in July 2007 which is headquartered in France. AESA is engaged in the business of Airconditioning & Filtration in Textile, Tobacco, Chemical, Non Woven & Glass and Fibre glass industry.

AESA has been following a two pronged strategy to manage its operations. On one hand they have been concentrating on new businesses and on the other side, they have been reducing costs significantly. However due, to the current economic slowdown in the textile sector, performance of AESA is expected to be effected in terms of margins and volumes. The management is focusing on widening its global reach. The future profitability is expected to improve as the textile market starts improving.

**5. DIVIDEND**

In view of absence of profits during the year under review your Directors do not recommend any dividend for the Financial Year ended on 31.03.2009.

**6. SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS**

The Company has been granted exemption for the year ended March 31, 2009 by the Ministry of Company Affairs from attaching to its Balance-Sheet, the individual Annual Reports of its subsidiary companies. As per the terms of the Exemption Letter, a statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2009 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any Member of the Company/ its subsidiaries seeking such information at any point of time and are also available for inspection by any Member of the Company/ its subsidiaries at the Corporate Office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the head offices of the respective subsidiary companies.

**7. FIXED DEPOSITS**

Deposits aggregating Rs. 45,000 were lying unclaimed as on 31<sup>st</sup> March, 2009.

**8. CORPORATE GOVERNANCE**

A separate Report on Corporate Governance along with Auditors' Certificate on its compliance is attached as Annexure – II to this Report.

**9. DIRECTORS**

Mr. Vijay Kirloskar, Mr. Ameet Hariani and Mr. George Verghese retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors recommend their re-appointment.

Mr. Krushan Lal Swami resigned from Directorship of the Company w.e.f. 31.05.2008. Mr. S. Ravi, Nominee Director ceased to be director of the Company w.e.f. 15.05.2008 pursuant to withdrawal of his nomination by UTI.

Your Directors place on record its appreciation of the services rendered by Mr. Krushan Lal Swami and Mr. S. Ravi.

**10. AUDITORS**

M/s. V. Sankar Aiyar & Co. Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has received the relevant Certificate u/s. 224(1) (B) of the Companies Act, 1956, from the said Auditors, indicating their availability.

**11. AUDITORS' REPORT**

The observations of the Auditors in their Report read with notes annexed to the accounts, are self explanatory.

**12. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act 1956, the Directors, (based on the representations received from the Operating Management), confirm that -

- (a) in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed and that there are no material departures;
- (b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis.

**13. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS**

During the year ended 31<sup>st</sup> March 2009, Foreign Exchange Earnings were Rs 550.11 lakh (Previous Year Rs. 853.60 lakh) and the Foreign Exchange Outgo was Rs. 133.69 lakh (Previous Year Rs. 225.10 lakh). For further details, Note Nos. 16 & 17 to the Accounts may be referred to.

**14. CONSERVATION OF ENERGY**

A 1.25 MW Windmill was commissioned on 26<sup>th</sup> September 2005 at Lamba, Gujarat to generate power for captive consumption of Company's Manufacturing Unit at Udhna. This strategic initiative has resulted in reduction in energy cost of Rs. 58.75 lakh and also helped the Company gain self-sufficiency in its electricity requirement.

**15. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION**

Information in respect of Technology absorption in Form B to Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure-I to the Report.

**16. PARTICULARS OF EMPLOYEES**

The Statement giving particulars of the employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report.

**17. ACKNOWLEDGEMENTS**

Your Directors avail of this opportunity to express and place on record their heartfelt gratitude to the shareholders, employees, customers, principal collaborators, agents, bankers, financial institutions, suppliers and distributors for their support to your Company.

For and on behalf of the Board of Directors

Place : MUMBAI  
Dated: 8<sup>th</sup> May, 2009,

**NIRMAL BHOGILAL**  
**CHAIRMAN & MANAGING DIRECTOR**

## Batliboi Ltd.

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Director's Report for the year ended 31.03.2009.

Name	Age	Designation / Nature of Duties	Remuneration Received (Gross) (in Rs.)	Qualifications	Experience (in years)	Date of Joining	Particulars of Last employment and period of employment
Mr. Nirmal Bhogilal	59	Chairman & Managing Director	72,63,800	B. Sc. (Engg), Chemical Engg (London University), A.C.G.I.	35	06.09.1973	Nil
Mr. George Verghese	59	Executive Director & CEO-BTAEG	36,04,214	B. E. (Tech)	38	31.07.1974	Voltas Ltd. (2 years)
*Mr. Krushan Lal Swami	50	Executive Director & Group CFO	13,07,475	B.Com, LL.B., PGDBM, AICWA, ACS, CAIIB, AMP (ISB)	30	15.06.2000 Ceased on 31.05.2008	Amforge Industries Ltd
Mr. Vineet Goel	39	Chief Financial Officer	25,47,092	B.Com., ICWA, MBA	17	01.02.2006	Samtel Colour Ltd. (15 years)
Mr. Edwyn Rodrigues	54	CEO-Textile Machinery Group	29,74,830	B. Tech. (IT), DMS	31	01.10.2006	Batliboi International Ltd. (6 years)
*Mr. A. Choudhary	52	GM-ACR	4,58,058	M.Com., PGDM	27	17.05.1993 Ceased on 05.04.2008	Voltas Ltd. (5 years)
*Mr. SV Joshi	55	GM-MTT	8,40,559	B.E. Mech (VJTI)	30	05.07.1978 Ceased on 10.04.2008	N.A.
*Mr. K. Sankarnarayanan	60	DGM TAE	13,03,462	MSc. Eng, DMM	36	01.03.1982 Retired on 31.07.2008	ACC
*Mr. P. Ganesh	44	GM-Finance	17,07,539	B.Com, C.A.	22	01.03.2007 Ceased on 07.11.2008	Tech Pacific (India) Ltd. (1 year)
Mr. BB Vanwari	54	Chief Corporate Counsel & Company Secretary	26,77,364	B.Com, LLB, ACS, DEM	32	02.04.1996	Garware Nylons Ltd. (3.5 years)
Mr. PVN Sanjay	44	CEO-BMTG	35,27,895	BE-Mech	22	28.05.2007	GEA Energy Systems India Ltd. (1.5 years)

Notes:

1. Remuneration includes Salary, Allowances, and monetary value of perquisites evaluated in accordance with the Income Tax Rules. The same also includes retirement benefits i.e. PF & Superannuation.
2. All appointments are contractual and are subject to the rules and regulations of the Company in force from time to time.
3. \* indicates that the employee was in service for part of the year and their remuneration includes Gratuity wherever applicable.

### ANNEXURE TO DIRECTORS REPORT

#### ANNEXURE - I

#### FORM - B

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

#### A. RESEARCH AND DEVELOPMENT (R & D)

##### I. Specific areas in which R & D carried out by the Company.

###### **Machine Tools**

The new machines designed and developed are;

- ◆ Vertical Turret lathe (800 mm diameter)
- ◆ Vertical Machining Centre (VMC 45)
- ◆ CNC Turning Centre (10TC)
- ◆ Trainer CNC Milling Machine
- ◆ Trainer CNC Lathe
- ◆ Trainer CNC Drilling Machine
- ◆ 75 mm Radial Drilling Machine

###### **Air-Conditioning & Refrigeration**

The new products designed and developed are;

- ◆ Airconditioning Equipment for marine application (corrosion resistant)
- ◆ Air-Handling Units.
- ◆ Precision Package type Airconditioners for telecommunication industry.

###### **Textile Air Engineering**

New products designed and developed are:-

- ◆ Pre-fabricated chamber for waste recovery system
- ◆ Inertial Fiber Separator
- ◆ Dust Transport Fan
- ◆ Product development for its subsidiary M/s AESA.

##### II. Benefits Derived

- ◆ New Product introduction in the market
- ◆ Saving in power consumption
- ◆ Improvement in quality
- ◆ Cost Optimization for customer
- ◆ Reduction in out-sourcing and increase in the inhouse manufacture

##### III. Development Plans

###### **Machine Tools**

- ◆ 300 mm cube Horizontal Machining Centre
- ◆ 1200 mm diameter Vertical Turret Lathe
- ◆ Low Cost Milling Machine

###### **Textile Air Engineering**

- ◆ Bigger capacity Compactors, Rotary Screen Filters
- ◆ Validation of Designs.

##### IV. Expenditure On R & D

(Rs. In lakhs)

Capital Expenditure

**45**

#### B TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Information regarding imported technology during the last 5 years.

**NIL**

**ANNEXURE TO DIRECTORS REPORT  
ANNEXURE - II  
CORPORATE GOVERNANCE REPORT**

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company's Philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally, including its inter- action with employees, shareholders, deposit-holders, creditors, consumers, institutional and other lenders and places due emphasis on regular compliance.

**2. BOARD OF DIRECTORS:**

The strength of Board of Directors is Eight as on 31<sup>st</sup> March, 2009, whose composition and category is given below:

**COMPOSITION AND CATEGORY**

One - Promoter, Executive Director

One - Non Promoter, Executive Director

Six - Non Promoter, Independent, Non Executive Directors

The composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which he is a member / Chairperson is as under:

Name of Director	Category	No. of other Directorship	No. of membership of Board Committees	No. of Board Committees for which Chairperson
Mr. Nirmal Bhogilal	Promoter, Executive	2	1	-
Mr. S. D. S Mongia	Independent, Non – Executive	-	-	1
Mr. Vijay R. Kirloskar	Independent, Non- Executive	5	2	-
Mr. E. A. Kshirsagar	Independent, Non- Executive	5	5	3
Mr. Subodh Bhargava	Independent, Non- Executive	11	5	4
Mr. Ameet Hariani	Independent, Non- Executive	3	3	1
Mr. Ulrich H Duden	Independent, Non- Executive	-	-	-
Mr. George Verghese	Non-Promoter, Executive Director	1	-	-
Mr. S. Ravi *	Nominee Director	-	-	-
Mr. Krushan Lal Swami**	Non- Promoter, Executive Director	-	-	-

\* ceased to be Director w.e.f. 15.05.2008

\*\* ceased to be Director w.e.f. 31.05.2008

Note: Directorships and Committee memberships as per clause 49 of the Listing agreement are considered

**ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING.**

During the year ended 31<sup>st</sup> March, 2009, four Board Meetings were held on 7<sup>th</sup> May, 2008, 31<sup>st</sup> July, 2008, 25<sup>th</sup> October, 2008, and 29<sup>th</sup> January, 2009.

Name of Director	No. of Board Meetings attended	Attendance at the last AGM held on 25 <sup>th</sup> September, 2008
Mr. Nirmal Bhogilal	4	Present
Mr. S. D. S Mongia	3	Present
Mr. V. R. Kirloskar	3	Absent
Mr. E. A. Kshirsagar	4	Present
Mr. Subodh Bhargava	4	Absent
Mr. Ameet Hariani	4	Present
Mr. Ulrich H Duden	3	Absent
Mr. George Verghese	4	Absent
Mr. S. Ravi*	Nil	Absent
Mr. Krushan Lal Swami **	1	Absent

\* ceased to be Director w.e.f. 15.05.2008

\*\* ceased to be Director w.e.f. 31.05.2008

## Batliboi Ltd.

### 3. AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956

#### BROAD TERMS OF REFERENCE

The Audit Committee shall have following powers :

- a. to investigate any activity within its terms of reference;
- b. to seek information from any employee;
- c. to obtain outside legal or other professional advice;
- d. to secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the audit committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees
3. Approval for payment to statutory auditors for any other services rendered by them.
4. Reviewing with management the annual financial statements before submission to the board for approval, with particular reference to :
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing with the management, performance of statutory and internal auditors, and the adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors about any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### COMPOSITION

The Audit Committee of the Company comprises of four Directors and all Directors are Independent & Non- Executive Directors.

The constitution of the Audit Committee is as follows:

1. Mr. S D S Mongia \* : Independent & Non - Executive Director (Chairman)
2. Mr. E. A. Kshirsagar : Independent & Non – Executive Director
3. Mr. Subodh Bhargava : Independent & Non – Executive Director
4. Mr. Ameet Hariani : Independent & Non – Executive Director

\* Mr. S D S Mongia, Chairman of the Committee, apart from other Qualifications is holding a Master's Degree in Financial Management & is thus having Financial and Accounting knowledge.

The Company Secretary of the Company acts as Secretary to the Committee.

#### MEETING AND ATTENDANCE :

During the year ended 31<sup>st</sup> March, 2009 four Audit Committee Meetings were held on 7<sup>th</sup> May, 2008, 31<sup>st</sup> July, 2008, 25<sup>th</sup> October, 2008 and 29<sup>th</sup> January, 2009.

<u>Name of Director</u>		<u>No. of Meetings attended</u>
Mr. S D S Mongia	:	3
Mr. E. A. Kshirsagar	:	4
Mr. Subodh Bhargava	:	4
Mr. Ameet Hariani	:	4

**4. REMUNERATION COMMITTEE**
**BRIEF DESCRIPTION OF TERMS OF REFERENCE**

- To review, assess and recommend the appointment of whole-time directors.
- To periodically review the remuneration package of whole-time directors and next level (in most cases either CEOs, CXOs or VPs) and recommend suitable revision to the Board.

**COMPOSITION**

The Remuneration Committee comprises three Directors, all are Independent, Non - Executive Directors. The Chairman of the Committee is an Independent, Non - Executive Director nominated by the Board.

The Constitution of the Remuneration Committee is as follows:

- |                         |  |
|-------------------------|--|
| 1. Mr. E. A. Kshirsagar | - Independent & Non- Executive Director (Chairman) |
| 2. Mr. S D S Mongia     | - Independent & Non- Executive Director            |
| 3. Mr. Subodh Bhargava  | - Independent & Non- Executive Director            |

**MEETINGS AND ATTENDANCE**

The Committee met once on 27<sup>th</sup> July, 2008 during the Financial Year ended 31<sup>st</sup> March, 2009

<b><u>Name of Director</u></b>	<b><u>No. of Meetings attended</u></b>
--------------------------------	--

Mr. E. A. Kshirsagar	:	1
Mr. S D S Mongia	:	1
Mr. Subodh Bhargava	:	1
Mr. S. Ravi*	:	Nil

\* Ceased w.ef. 15.05.2008

**REMUNERATION POLICY**

The compensation of the Executive Directors is recommended by the Remuneration Committee and is approved by the full Board. The remuneration policy is directed towards rewarding performance based on review of achievements. It is aimed at attracting and retaining high calibre talent. The Company does not currently have a stock option plan or performance linked incentives for its Directors.

The Company pays to its Non-Executive Directors (NED's) Sitting Fee of

- Rs.15,000/- per Board Meeting,
- Rs 10,000/- per Audit Committee Meeting, Remuneration Committee Meeting and Strategic Planning Committee Meeting; and
- Rs.5,000/- per Investors' / Shareholders' Grievance and Share Transfer Committee Meeting and Executive Committee Meeting and Selection Committee Meeting.

A Selection Committee comprising two Independent Non Executive Directors Mr. EA Kshirsagar and Mr. Ameet Hariani and one other member Mr. PK Nair having expertise in Human Resource and Organisation Development was formed to comply with the Rules under Section 314 of the Companies Act, 1956.

The shareholders have at their Annual General Meeting held on 19<sup>th</sup> July, 2006 approved of payment of commission to the NEDs within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 1956. The said commission is decided each year by the Board of Directors and distributed amongst the NEDs based on their attendance and contribution at Board and certain Committee meetings, as well as the time spent on operational matters other than at meetings. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

**SHARES HELD BY NON – EXECUTIVE DIRECTORS :**

Mr. SDS Mongia holds 1000 Equity Shares of Rs. 5 each and Mr. Ameet Hariani holds 6080 Equity Shares of Rs. 5 each both of which constitute a negligible percentage of the Paid –up Equity Share Capital of the Company. All other Non- Executive Directors hold Nil Shares in the Company.

**DETAILS OF REMUNERATION TO ALL THE DIRECTORS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009**

(Figures in Rs.)

Name of the Director	Salary	Benefits	Sitting Fees	Total	Service contract/ Notice period/ Severance fees
Mr. Nirmal Bhogilal	58,50,000	14,13,800	—	72,63,800	Five years Contract and Notice Period six months Retirement by rotation
Mr. S. D. S Mongia	—	—	85,000	85,000	
Mr. V. R. Kirloskar	—	—	45,000	45,000	— do —
Mr. E. A. Kshirsagar	—	—	1,15,000	1,15,000	— do —
Mr. Subodh Bhargava	—	—	1,15,000	1,15,000	— do —
Mr. Ameet Hariani	—	—	1,50,000	1,50,000	— do —
Mr. Ulrich H Duden	—	—	45,000	45,000	— do —
Mr. S. Ravi	—	—	—	—	Nominee Director of UTI
Mr. G. Verghese @	31,07,814	4,96,400	—	36,04,214	Three years Contract and Notice Period six months
Mr. Krushan Lal Swami *	5,58,883	7,48,592	—	13,07,475	Five years Contract and Notice Period six months

@ The Salary of Mr. George Verghese includes Rs. 7,00,000/-, paid as One Time Performance Bonus based on the performance of Textile Engineering Business Group

\* Salary of Mr. Krushan Lal Swami included is for part of the year i.e. his period of employment.

## Batliboi Ltd.

### NOTE ON DIRECTORS SEEKING RE – APPOINTMENT AS REQUIRED UNDER CLAUSE 49VI(A) OF THE LISTING AGREEMENT ENTERED INTO WITH BSE.

1. Mr. Vijay Kirloskar, (58) is an industrialist and possesses wide and varied experience in the filed of Engineering and General Management. He is Director/ Member of the following other Companies / Committees:

Name of the Company	Chairman / Director	Committees of the Board	Chairman /Member
Kirloskar Electric Company Ltd.	Chairman & Managing Director	(i) Shareholder/ Investor Grievances Committee	Member
		(ii) Committee formed to consider and approve financial results	Member
Kirloskar Computer Services Ltd.	Chairman	—	—
Kirloskar Power Equipments Ltd.	Chairman	—	—
MRF Ltd.	Director	—	—
Kirloskar Power Build Gears Ltd.	Director	—	—

2. Mr. Ameet Hariani (47) has wide and varied experience in Real Estate, Intellectual Property, Corporate & Commercial Shipping laws and has represented large organizations in International Arbitration & Disputes. He is Director/member of the Following other Companies/Committees:

Name of the Company	Chairman / Director	Committees of the Board	Chairman /Member
Vascon Engineers Ltd.	Director	Audit	Member
Ras Resorts & Apart Hotel Ltd.	Director	Audit	Member
Capricorn Realty Ltd.	Director	Remuneration	Chairman

3. Mr. George Verghese (59), has been associated with Batliboi since July 1974 in various capacities. He has varied experience of about 37 years in the filed of Textile Machinery, Textile Air Engg. & Air – Conditioning & Refrigeration Division:

Name of the Company	Chairman / Director	Committees of the Board	Chairman /Member
Batliboi International Ltd	Director	—	—

#### 5. INVESTORS' / SHAREHOLDERS' GRIEVANCE & SHARE TRANSFER COMMITTEE:

##### FUNCTIONS

The "Investors' / Shareholders' Grievance and Share Transfer Committee" of the Company, consists of three members, chaired by a Non - Executive Director. The Committee meets at frequent intervals, to approve inter-alia, transfer / transmission of shares, issue of duplicate share certificates and review the status of investors' grievances and redressal mechanism and recommend measures to improve the level of investor services. Details of share transfers/ transmissions approved by the Committee are placed at the Board Meetings from time to time.

##### COMPOSITION

The constitution of the Committee at present is as under:

Mr. Ameet Hariani	:	Non – Executive Director (Chairman)
Mr. Nirmal Bhogilal	:	Executive Director
Mr. Krushan.Lal Swami	:	Executive Director (Ceased w.e.f. 31.05.2008)

##### MEETING AND ATTENDANCE :

During the year ended 31<sup>st</sup> March, 2009 four Investors' / Shareholders' Grievance and Share Transfer Committee Meetings were held on 16<sup>th</sup> April, 2008, 16<sup>th</sup> July, 2008, 16<sup>th</sup> October, 2008 and 16<sup>th</sup> January, 2009.

##### Name of Director

Name of Director	No. of Meetings attended
Mr. Ameet Hariani	4
Mr. Nirmal Bhogilal	4
Mr. Krushan.Lal Swami	1

#### COMPLIANCE OFFICER

The Board has appointed Mr. B.B. Vanwari – Chief Corporate Counsel & Company Secretary as the Compliance Officer.

#### DETAILS OF INVESTOR'S COMPLAINTS

There are no complaints pending at the beginning of the year, the Company has received 44 Complaints during the year and resolved all of them during the year under review. There are no outstanding complaints as on 31<sup>st</sup> March, 2009.

**6. GENERAL BODY MEETINGS:**

Location and time, where last three Annual General Meetings were held is given below:

<b>Financial Year</b>	<b>Date</b>	<b>Location of the Meeting</b>	<b>Time</b>
2005-2006	19-07-2006	Walchand Hirachand Hall, Indian Merchant Chambers, Churchgate Mumbai 400020	2.30 P.M.
2006-2007	28-07-2007	Walchand Hirachand Hall, Indian Merchant Chambers, Churchgate Mumbai 400020	2.00 P.M.
2007-2008	25-09-2008	Walchand Hirachand Hall, Indian Merchant Chambers, Churchgate Mumbai 400020	3.30 P.M.

No special resolution was passed through postal ballot during the year.

Special Resolutions pertaining to the re-appointment / revision in remuneration of the Executive Directors and payment of commission to Non – Executive Directors were passed during the last three Annual General Meetings.

**7. DISCLOSURES:**

- The related party transactions have been disclosed at appropriate place in the notes to accounts.
- The Company has complied with the requirements of regulatory authorities on capital markets and no penalties / strictures have been imposed against it during the year ended 31st March, 2009.
- None of the transactions with any of the management personnel of the Company were in potential conflict with the interest of the Company at large.
- The Company has complied with all the mandatory requirements. The Company has also complied with non-mandatory requirement relating to setting up Remuneration Committee of the Board to determine inter – alia the Company's policy on remuneration package for Executive Directors' and other Directors / Senior Personnel.
- The Company has also complied with the non- mandatory requirement of adoption of Whistle Blower Policy for its employees. None of the employees of the Company had been denied access to the Audit Committee during the year.
- The Company has laid down the procedures to inform Board Members about the risk assessment and minimization procedures. The Board is periodically informed about business and other risks and its minimization procedures.

**8. MEANS OF COMMUNICATION:**

- Quarterly results are not being sent to each household of shareholders as the shareholders are intimated through the press about the quarterly performance and financial results of the Company.
- The financial results of the Company are posted on the Company's website ([www.batliboi.com](http://www.batliboi.com)) and are published in the newspapers as under :
 

Year Ended 31.03.2008	-	Free Press Journal, Nav Shakti, Business Standard
Quarter Ended 30.06.2008	-	Free Press Journal, Nav Shakti,
Quarter / Half year ended 30.09.2008	-	Free Press Journal, Nav Shakti,
Quarter / Nine Months ended 31.12.2008	-	Free Press Journal, Nav Shakti,
- The Management Discussion and analysis (MD&A) is a part of Annual Report.

**9. GENERAL SHAREHOLDER INFORMATION:**

Registered Office	:	Bharat House, 5 <sup>th</sup> Floor 104, Bombay Samachar Marg, Mumbai 400001.
Annual General Meeting	:	Date and Time : 30 <sup>th</sup> July, 2009 at 2.00 P.M. Venue: Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 <sup>th</sup> Floor, 12 K Dubash Marg, Fort, Mumbai 400 001
Financial Year	:	12 months ended 31 <sup>st</sup> March 2009
Date of Book Closure	:	23 <sup>rd</sup> July, 2009 to 30 <sup>th</sup> July, 2009 (both days inclusive)
Dividend Payment date	:	NA
Listing	:	Company's Equity shares are listed on Bombay Stock Exchange Limited & National Stock Exchange of India Limited
Stock Code BSE	:	522004
NSE	:	BATLIBOI
Demat ISIN Number in NSDL/ CDSL for Equity Shares	:	INE 177C01022

## Batliboi Ltd.

Market Price Data : During the year ended 31<sup>st</sup> March 2009, the highest price and the lowest price recorded for each month on the Bombay Stock Exchange Limited & National Stock Exchange of India Limited were as follows:

Face Value : Rs. 5/- each

Rate (Rs.)

Month	BSE		NSE	
	Highest	Lowest	Highest	Lowest
April 2008	49.50	38.75	48.95	38.00
May 2008	53.80	41.50	53.70	41.40
June 2008	43.00	32.15	42.95	31.65
July 2008	36.20	28.50	36.50	28.45
August 2008	35.20	31.00	35.65	31.10
September 2008	33.90	22.25	35.50	23.00
October 2008	25.25	16.40	25.50	16.00
November 2008	23.50	15.00	23.70	15.20
December 2008	19.55	14.85	19.75	14.80
January 2009	20.65	14.50	19.85	15.00
February 2009	17.00	13.80	17.00	13.50
March 2009	15.55	11.50	14.90	12.35

### Distribution of Shareholding as on March 31, 2009:

Range in (Rs.)

From Holders	To Holders	Total Holdings	% of Total Capital	Total	% of Total
1	500	12286	91.75	1829501	6.78
501	1000	639	4.77	515623	1.91
1001	2000	253	1.89	406687	1.51
2001	3000	72	0.54	182669	0.68
3001	4000	36	0.27	129176	0.48
4001	5000	36	0.27	172504	0.64
5001	10000	32	0.24	226093	0.84
10001	& above	37	0.27	23540297	87.16
<b>TOTAL</b>		<b>13391</b>	<b>100</b>	<b>27002550</b>	<b>100.00</b>



Share Holding Pattern as on 31<sup>st</sup> March, 2009

(Face Value : Rs 5/-)

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
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>				
<b>1</b>	<b>Indian</b>				
(a)	Individuals/ Hindu Undivided Family	10	20104690	19893690	74.45
(b)	Central Government/ State Government(s)	-	-	-	0.00
(c)	Bodies Corporate	3	1459000	-	5.40
(d)	Financial Institutions/ Banks	-	-	-	0.00
(e)	Any Others	-	-	-	0.00
	<b>Sub Total(A)(1)</b>	<b>13</b>	<b>21563690</b>	<b>19893690</b>	<b>79.85</b>
<b>2</b>	<b>Foreign</b>				
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	1	199800	199800	0.74
b	Bodies Corporate	-	-	-	-
c	Institutions	-	-	-	-
d	Any Others	-	-	-	-
	<b>Sub Total(A)(2)</b>	<b>1</b>	<b>199800</b>	<b>199800</b>	<b>0.74</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>14</b>	<b>21763490</b>	<b>20093490</b>	<b>80.59</b>
<b>(B)</b>	<b>Public shareholding</b>				
<b>1</b>	<b>Institutions</b>				
(a)	Mutual Funds/ UTI	1	350	-	-
(b)	Financial Institutions / Banks	5	900	100	-
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	1	600	600	-
(f)	Foreign Institutional Investors	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>7</b>	<b>1850</b>	<b>700</b>	<b>0.01</b>
<b>B 2</b>	<b>Non-institutions</b>				
(a)	Bodies Corporate	336	825350	795560	3.06
(b)	Individuals				
I	Individuals- i. Individual shareholders holding nominal share capital up to Rs 1 lakh	12920	3228019	2553899	11.95
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	4	216218	216218	0.80
(c)	Any Other				
(i)	Non Residents	109	120653	119353	0.45
(ii)	Foreign Bodies Corporate	1	846970	-	3.14
	<b>Sub-Total (B)(2)</b>	<b>13370</b>	<b>5237210</b>	<b>3685030</b>	<b>19.40</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>13377</b>	<b>5239060</b>	<b>3685730</b>	<b>19.41</b>
	<b>TOTAL (A)+(B)</b>	<b>13391</b>	<b>27002550</b>	<b>23779220</b>	<b>100.00</b>

## Batliboi Ltd.

Registrar and Transfer Agents	:	Datamatics Financial Services Ltd., Plot No. A/16 & 17, MIDC Part B, Cross Lane, Marol, Andheri (East) Mumbai 400093. Tel no: 66712151 to 56
Share Transfer System	:	Transfer of Shares held in Physical form is processed by Datamatics Financial Services Ltd. and approved by the Chairman & Managing Director or Chief Corporate Counsel & Company Secretary or Group CFO & Executive Director pursuant to powers delegated to them by the Board of Directors.
Dematerialisation of Shares	:	The Shares of the Company have been put on Compulsory Demat.

### As on 31.3.2009

	<u>No. of Shares</u>	<u>%</u>
Demat	2,37,79,220	88.06
Physical	32,23,330	11.94
	<u>2,70,02,550</u>	<u>100.00</u>

Outstanding GDR/ ADR	:	Not applicable
Plant Location	:	(i) P. O. Fateh Nagar, Surat Navsari Road, Udhna 394 220.  (ii) Veerasandra Industrial Area Hosur Road, Bangalore-560100.
Address for Correspondence	:	Bharat House, 5 <sup>th</sup> Floor 104, Mumbai Samachar Marg Fort, Mumbai 400001
Email ID	:	<a href="mailto:legal@batliboi.com">legal@batliboi.com</a>
Telephone	:	022-66378200 Ext. 245

#### 10. CEO / CFO CERTIFICATION :

The CMD and the CFO of the Company have submitted their Compliance Certificate to the Board of Directors in terms of sub – clause V of Clause 49 of the Listing Agreement.

#### 11. DECLARATION :

The Board has laid down a Code of Conduct for all the Board Members and Senior Management of the Company which is posted on the Website of the Company. The Board Members and Senior Management have affirmed compliance with the Code of Conduct.

For **Batliboi Limited**

**NIRMAL BHOGILAL**  
**CHAIRMAN & MANAGING DIRECTOR**

Place : Mumbai.  
Dated : 8<sup>th</sup> May, 2009

### AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by Batliboi Limited (the Company) for the year ended 31st March 2009 as stipulated in Clause 49 of the Listing Agreement entered of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review and the information and explanations given to us by the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investor's / Shareholders Grievance & Share Transfer Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V. Sankar Aiyar & Co.**  
**Chartered Accountants**

**G. Sankar**  
**Partner**  
**Membership No. 46050**

Place: Mumbai  
Dated: 8<sup>th</sup> May, 2009

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

The management of Batliboi Ltd. presents the analysis of Segment wise performance of your Company for the Year 2008-09 and its outlook for the future. This outlook is based on assessment of the current business environment. It may vary due to future economic and political development, both in the Indian and international economies.

**(I) Batliboi Machine Tool Group (BMTG)****An overview**

Your Company's machine tool group manufactures and trades various types of machine tools.

a) **Manufacturing:** The range includes conventional machines viz radial drilling machines, milling machines, special purpose drilling machines and vertical turret lathes. In CNC machines, the Company manufactures a range of vertical machining centers (VMCs), Turning centers (TCs), CNC drilling machines and CNC milling machines.

Through the amalgamation of Batliboi SPM Pvt. Ltd. with the Company a range of special purpose machine tools would now be included.

b) **Trading:** Some of the leading machine tool brands in the world are represented for marketing in India.

**Business environment and the Groups' performance**

As per the available data, the Indian machine tool industry has been severely affected during this year with a reduction of over 25% in production and sales. As against this, the business of your Company has reduced by only 12% in both order booking and sales.

This was made possible by:

- a) Timely movement of focus to Government sector orders.
- b) Introduction of new products to address new market segments like Education & Vocational training.
- c) Introduction of new cost effective products to address Chinese competition.

**Opportunities and threats**

Growth in the defense, power, infrastructure and vocational training market will be the key to your Company's growth in the coming year. The machines manufactured and imported products traded by your Company are well positioned to cater to the specific needs of these sectors.

New products have been launched by your Company to cater to the sectors requirements in 2009-10. Your Company has planned more machines to be introduced to address these markets.

On the trading front, your Company is continuously adding new products and manufacturers in their portfolio. In order to improve the competitiveness of the products of Principals, co-operation to add local value is also being discussed.

The margins had been affected in first half of the year due to the sharp increase in steel and raw material prices and in the second half of the year by price pressures. This trend may continue into the financial year 2009-10. To combat this, fixed and material costs have been sharply reduced so as to lower the break even point substantially.

**Prospects**

Even if the poor economic situation continues, your Company has a healthy order backlog to cover the revenues for the next 6 months. It is expected that the turnover would be maintained at the same level of 2008-09 with lower costs.

With new products being added into its manufacturing range, the earlier unserved markets can now be addressed. This will help your Company grow when the economy improves.

The following new machines are being planned to be added:

1. Horizontal machining centers (HMC).
2. Medium sized Vertical turret lathes.
3. Low cost milling machines to address Chinese competition.
4. CNC Drilling centre with milling capabilities.
5. Larger size CNC milling machine and radial drilling machines.
6. Higher end Vertical Machining Centres.

**(II) Batliboi Textile Engineering Business****Business Scenario**

The year ended March '09 was probably the worst experienced by the textile industry in several decades. Problems began late 2007 and early 2008 when the exports of textile and garment began to dip, primarily on account of strong Rupee. During 2008 exports plummeted due to extreme recessionary conditions in the US and Europe.

The spinning industry which used to export 45 % of its output was the worst hit by the strong Rupee and high cotton prices. Along the way, international cotton prices eased but the minimum support prices (MSP) in cotton purchase declared by Government deprived the spinning industry of any reprieve. The dismal power supply situation in TN and AP, which have about 75% of the country's spinning capacity were further constraints to the industry.

The strong rupee made the reduced orders available from the west, move towards the countries (Bangladesh, Vietnam etc.) which had much lower manufacturing costs on account of their weak currencies. Therefore the garment industry showed negative growth after about a decade.

# Batliboi Ltd.

## Performance & Prospects

### (A) **Textile Air Engineering Group**

Due to the above factors, there has been a substantial reduction in the investment in Greenfield projects, expansion and modernization, which has affected order booking. As also there has been a delay in taking delivery of equipments from pending orders by the industry resulting in a substantial drop in revenue. However, the group continues to maintain its market share and retain its position as the leader in Textile Air Engineering business.

The pending order position is healthy and with actions taken to reduce both the fixed and variable costs, it is expected that this group will have a much more improved performance in 2009-10 as compared to 2008-09.

### (B) **Batliboi Textile Machinery Group**

The international textile machinery industry saw its sales drop down by an average of 50%. The country's largest machinery maker was operating at 30% of its capacity by the year end. Therefore this group was also similarly impacted.

Towards the end of the year enquiry levels have improved considerably. And orders have started coming in showing that customers are returning to an investment mode. The group has also restructured its operations and reduced its fixed costs. Therefore it expects to perform substantially better in 2009-10.

## Opportunities & Threats

The short to medium term outlook largely hinges on the measures implemented by the G-20 leaders for tackling the global economic crisis. The outlook for the industry is positive in the long term in view of India's rising middle class, substantial scope for increase in per capita consumption of fabric and growth in organized retailing business.

The unstable political scenario in Pakistan and Bangladesh would also benefit the industry in terms of larger exports to USA / Europe and which will in turn improve the situation in the textile chain.

The severe competition from global machinery manufacturers as well as Tier II domestic suppliers is continuing due to a contracted global market with a result margins will be under pressure.

### (III) **Batliboi Airconditioning & Refrigeration Group (BACRG)**

#### **An overview**

The Airconditioning and Refrigeration Group provides turnkey solutions to a large variety of industries including manufacturing, service and hospitality.

#### **Business Environment**

The growth rate of this industry has also been severely impacted by the economic downturn. There has been a tremendous slowdown in the manufacturing, infrastructure, hospitality and retail sectors.

#### **Performance of the Division**

The division did not turnaround till the third quarter of 2008-09, however it closed the fourth quarter with a small operating profit on current contracts.

#### **Opportunities & Threats**

This division has now focused on the markets which would be attractive for a niche player. Its operations have also been restructured to make it cost competitive. It is therefore expected to maintain and improve its last quarter performance so that 2009-10 would be a profitable year.

#### **HUMANRESOURCES:**

The total numbers of employees was 619 on March 31st 2009.

Technical training for manufacturing personnel were conducted at your Company's manufacturing facilities at Udhna. Topics like TPM, 5-S, Pickup movement, Jishu Hozan, Kaizen and QC Tools were covered during the sessions. Productivity and Process improvement initiatives continued at the manufacturing units. Effective Management Development programme for eleven senior level employees which began in 2007/08 were concluded in 2008/09. Similarly Programmes on Excellence in customers' care for Sales and Service across the Business Groups which began in 2007/08 were concluded in 2008/09.

At the beginning of the financial year, market reports suggested that there had been exponential growth in salaries in engineering and manufacturing industries. Your Company commissioned a compensation survey through Omam Consultants and based on their report, efforts were made to align the compensation structure so as to be closer to the market and meet the challenge of talent attraction and retention.

However during the last quarter of the year, in view of the severe downturn in industry, salaries at various levels were voluntarily reduced. Your Company appreciates the sacrifice made by these employees.

During the year under review industrial relations were cordial and pro-active and all employees and the Union supported productivity and process improvement measures undertaken at the manufacturing facilities.

#### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

Your Company has effective internal control systems commensurate with the size of the Company. This is further supplemented by an internal audit being carried out by an external firm of Chartered Accountants. The internal auditors conduct audits of the performance of various departments, functions and locations and also statutory compliances based on an annual audit plan. They report their observations/ recommendations to the Audit Committee of the Board of Directors, which comprises of four non-executive Directors. The Audit Committee reviews the Audit observations and follows up on the implementation of the suggestions and remedial measures and also recommends increased scope of coverage, if necessary.

#### **RISK & CONCERNS / CAUTIONARY STATEMENT:**

Statements in the Management's discussions and analysis report describing the Company's projections or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand-supply conditions, raw material prices, changes in government regulations, tax regimes, economic developments within the country and other factors such as litigation and other labour negotiations.

**AUDITORS' REPORT**

The Members of Batliboi Ltd.

We have audited the attached balance sheet of Batliboi Ltd., as at 31<sup>st</sup> March, 2009 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

As required by the Companies Auditor's Report Order, 2003, issued by the Company Law Board in terms of sub-section (4A) of section 227 of the Companies Act, 1956 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

1. *Attention is invited to Note No. 12(c) of Schedule 17(II) regarding remuneration paid to the Chairman & Managing Director in excess of the ceiling under Schedule XIII of the Companies Act 1956 by Rs.27.64 Lacs, pending approval of the Central Government.*
2. Further to our comments in the Annexure referred to above, we report that:-
  - i. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
  - iii. the reports on the accounts of Udhana Plant audited by the branch auditors of the Company have been forwarded to us and have been appropriately dealt with in preparing our report;
  - iv. the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with the audited returns received from the branch of the Company;
  - v. in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the mandatory accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - vi. on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as director of the Company under Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

vii. in our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to the effect of the matter referred to in para (1) above* read with the significant accounting policies and notes to accounts in schedule 17 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

- (a) In the case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009.
- (b) in the case of the profit and loss account, of the loss for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **V. Sankar Aiyar & Co.**  
**Chartered Accountants**

**(G. Sankar)**  
**Partner**  
**Membership No.: 46050**

Place: Mumbai  
Date: 8<sup>th</sup> May, 2009

### Annexure referred to in our report to the Members of Batliboi Ltd. for the year ended 31<sup>st</sup> March, 2009

Our statement on the matters specified in para 4 and 5 of the Companies (Auditors Report) Order, 2003 ("the Order") as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is given below. In preparing the said statement, we have considered the statements made under the aforesaid order by the branch auditors who audited the accounts of the Company's Udhna plant.

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. On the basis of the information and explanations given to us, we are of the opinion that the fixed assets have been physically verified by the management during the year at reasonable intervals having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification were, in our opinion, not material and have been properly dealt with in the books of account.
- c. The disposal by the Company of its fixed assets during the year cannot, in our opinion, be regarded as substantial and do not affect the going concern assumption.
2. a. On the basis of the information and explanations given to us, we are of the opinion that the physical verification of inventory has been conducted by the management at reasonable intervals during the year except in case of inventory lying with third parties where confirmations have been obtained.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of the records of inventory, we are of the opinion that, the Company is maintaining proper records of inventory. Discrepancies noticed on physical verification of inventory were, in our opinion, not material, and the same have been properly dealt with in the books of account.
3. According to the information and explanations given to us, the Company has, during the year, not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore paragraph 4(iii)(b), (c) and (d) of the Order is not applicable.
4. a. According to the information and explanations given to us, the company has taken unsecured loan from a party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 149.30 Lacs and the year end balance aggregates Rs. 59.70 Lacs.
- b. In our opinion, the rate of interest and other terms and conditions on which the aforesaid loans have been taken are prima facie, not prejudicial to the interests of the company.
- c. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
5. On the basis of our examination of the books and records of the Company and according to the information and explanations given

to us and having regard to the explanation that some of the items purchased are under specific marketing arrangements or goods of technical specification in respect of which comparable alternative quotations are not available, in our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. We have neither come across nor been informed of any continuing failure to correct major weakness in the aforesaid internal control system.

6. a. In respect of contracts and arrangements referred to in Section 301 of the Companies Act 1956, the transactions under those contracts and arrangements have been entered in a summarised form in the register required to be maintained under that section.
- b. In our opinion the transactions in pursuance of contracts and arrangements referred to above made during the financial year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except in case of some transactions where we are unable to comment owing to the specialised nature of the items involved and absence of any comparable prices.
7. During the year, the Company has not accepted any deposits from the public. In this regard there has not been any order by Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
8. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
9. As explained to us maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
10. a. During the year the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Investor Education Protection Fund, Sales-tax, Wealth Tax, Service Tax, Custom Duty and Excise Duty and other material statutory dues applicable to it with the appropriate authorities.
- b. According to the information and explanations given to us and the records of the Company examined by us, there were no dues as at 31st March, 2009, of income tax, wealth tax, service tax, customs duty or cess that have not been deposited on account of any dispute. In respect of sales tax and excise duty dues not deposited on account of disputes, the details of amounts involved and the forum where the disputes are pending, are as under:-

Forum where dispute is pending	Amount (Rs. Lacs)
Sales Tax Appellate / Revisional Authority-up to Commissioner Level	54.04
Sales Tax Appellate Authority-Tribunal	40.05
Central Excise Appellate Tribunal	1.23

11. The Company does not have accumulated losses as at 31<sup>st</sup> March, 2009. The Company has incurred cash loss during the current financial year. However the company has not incurred cash loss in the immediately preceding financial year.

12. On the basis of the information and explanations given to us and the records of the Company examined by us, *except in respect of the installments of term loans aggregating Rs. 124.58 Lacs due in March 2009, in respect of which the Company has paid Rs. 22.82 Lacs, (The company has made written representation to the banks after detailed discussions with them for rescheduling of the remaining amount which is under consideration)*, the Company has not defaulted in repayment of its dues to Banks during the year. The Company has not taken any loans from financial institutions and has not issued any debentures during the year.
13. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The provisions of special statute applicable to chit fund / mutual benefit fund / societies are not applicable to the Company.
15. In respect of the Company's dealing in shares and other investments, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments held by the Company have been held in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
16. In respect of guarantees given by the Company for loans taken by other parties from banks, having regard to the explanation that the Company has strategic business relationship with the parties and the parties have extended reciprocal guarantee / financial assistance on behalf of / to the Company, the terms and conditions of the guarantees are, in our opinion, not prima facie considered prejudicial to the interests of the Company.
17. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, wherever the purpose is stipulated by the lender, the term loans raised during the year have been applied for such purpose.
18. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that prima-facie, as on 31st March, 2009, funds raised on short term basis have not been utilised for long term investments.
19. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
20. The Company has not issued any secured debentures during the year, and accordingly, no securities were required to be created.
21. The Company has not raised any money by public issues during the year. Therefore the requirement of disclosure by the management on the end use of money raised by public issues and verification of the same is not applicable.
22. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year.

For **V. Sankar Aiyar & Co.**  
**Chartered Accountants**

**(G. Sankar)**  
**Partner**

**Membership No.: 46050**

Place: Mumbai  
Date: 8<sup>th</sup> May, 2009

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

Rs. Lacs

	Schedule	As at 31-Mar-09	As at 31-Mar-08
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds:</b>			
(a) Share Capital	1	1,350.13	1,350.13
Share Capital Suspense A/c	1A	84.00	-
(b) Reserves and Surplus	2	3,553.47	3,364.23
		<b>4,987.60</b>	<b>4,714.36</b>
<b>2. Loan Funds :</b>			
(a) Secured Loans	3	5,165.53	4,426.60
(b) Unsecured Loans	4	154.66	18.54
		<b>5,320.19</b>	<b>4,445.14</b>
<b>3. Deferred Tax Liabilities ( Net )</b>			
		<b>21.03</b>	<b>192.22</b>
		<b>10,328.82</b>	<b>9,351.72</b>
<b>II APPLICATION OF FUNDS</b>			
<b>4. Fixed Assets</b>			
(a) Gross Block	5	11,024.84	10,114.50
(b) Less: Depreciation/Amortisation to date		5,966.16	5,562.10
(c) Net Block		<b>5,058.68</b>	<b>4,552.40</b>
(d) Capital Work-in-Progress (Including Capital Advances)		281.73	165.77
<b>5. Investments</b>			
	6	<b>2,911.65</b>	<b>2,736.71</b>
<b>6. Current Assets, Loans and Advances</b>			
(a) Inventories	7	2,176.27	2,588.53
(b) Sundry Debtors	8	3,089.92	2,601.73
(c) Cash and Bank Balances	9	221.74	227.44
(d) Loans and Advances	10	1,207.66	1,405.08
		<b>6,695.59</b>	<b>6,822.78</b>
<b>Less: Current Liabilities and Provisions</b>			
(a) Current Liabilities	11	3,913.00	3,919.92
(b) Provisions		705.83	1,006.02
		4,618.83	4,925.94
<b>Net Current Assets</b>			
		<b>2,076.76</b>	<b>1,896.84</b>
		<b>10,328.82</b>	<b>9,351.72</b>
<i>Significant Accounting Policies &amp; Notes to the Accounts</i>	17		

*The Schedules referred above form an integral part of the Balance Sheet*

As per our report attached of even date

For and On Behalf of the Board of Directors

**For V.SANKAR AIYAR & CO.**  
Chartered Accountants

**NIRMAL BHOGILAL**  
Chairman & Managing Director

**B. B. VANWARI**  
Chief Corporate Counsel &  
Company Secretary

**(G. SANKAR)**  
Partner

**GEORGE VERGHESE**  
Executive Director

**VINEET GOEL**  
Chief Financial Officer

Mumbai  
Dated : 8th May, 2009

Mumbai  
Dated : 8th May, 2009



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009**

	SCHEDULE	Year Ended 31-Mar-09	Rs. Lacs Year Ended 31-Mar-08
<b>INCOME :</b>			
1. Gross Turnover	12	10,603.64	14,433.07
Less: Excise Duty		850.61	1,471.77
Net Sales		<b>9,753.03</b>	<b>12,961.30</b>
2. Other Income	13	906.78	626.09
<b>TOTAL INCOME</b>		<b>10,659.81</b>	<b>13,587.39</b>
<b>EXPENDITURE :</b>			
3. Cost of Sales, Job Contracts and Services	14	5,676.13	6,848.59
4. Employees' Remuneration	15	2,259.20	2,072.65
5. Other Expenses	16	2,366.29	2,566.18
6. Interest		581.83	299.48
7. Depreciation/Amortisation		200.05	184.50
<b>TOTAL EXPENDITURE</b>		<b>11,083.49</b>	<b>11,971.40</b>
<b>8. Profit before Tax</b>		<b>(423.68)</b>	<b>1,615.99</b>
9. Provision for Taxation			
For Current Tax		-	551.05
For Deferred Tax (Net)		(145.06)	20.49
For Fringe Benefit Tax		28.00	37.28
<b>10. Profit after Tax for the year</b>		<b>(306.62)</b>	<b>1,007.17</b>
11. Tax Adjustments in respect of earlier years		31.47	-
12. Total Profit/(Loss)		<b>(338.09)</b>	<b>1,007.17</b>
13. Add : Balance as per last Balance Sheet		1,658.77	1,432.63
Add : Amount Transferred on amalgamation (Ref note no.1 Schedule 17(II) of Notes to Accounts)			-
Balance of Profit & Loss Account as on 01.04.2007		61.64	
Profit after Tax for Financial Year 2007-08		9.91	
<b>Profit available for appropriation</b>		<b>1,392.22</b>	<b>2,439.80</b>
<b>APPROPRIATIONS</b>			
14. Proposed Dividend			
- On Equity Shares		-	270.03
15. Dividend Distribution Tax		-	45.90
16. Transfer to Capital Redemption Reserve		-	365.10
17. Transfer to General Reserve		-	100.00
18. Balance carried to Balance Sheet		1,392.22	1,658.77
		<b>1,392.22</b>	<b>2,439.80</b>
<b>19. Earnings per Share (Basic &amp; Diluted)</b>			
(Face Value of Rs.5/- per Share)		(1.18)	3.73
(Refer Note No. 27 of Schedule 17 (II) of Notes of Accounts)			
<i>Significant Accounting Policies &amp; Notes to the Accounts</i>	17		

The Schedules referred above form an integral part of the Profit & Loss Account

As per our report attached of even date

For and On Behalf of the Board of Directors

**For V.SANKAR AIYAR & CO.**  
Chartered Accountants

**NIRMAL BHOGILAL**  
Chairman & Managing Director

**B. B. VANWARI**  
Chief Corporate Counsel &  
Company Secretary

**(G. SANKAR)**  
Partner

**GEORGE VERGHESE**  
Executive Director

**VINEET GOEL**  
Chief Financial Officer

Mumbai  
Dated : 8th May, 2009

Mumbai  
Dated : 8th May, 2009

## Batliboi Ltd.

### SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009

		Rs.Lacs	
		As at 31-Mar-09	As at 31-Mar-08
<b>SCHEDULE 1 : SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
461,70,400	(P.Y. 461,70,400) Equity Shares of Rs.5/- each	2,308.52	2,308.52
692,480	(P.Y. 692,480) Preference Shares of Rs. 100/- each	692.48	692.48
		<b>3,001.00</b>	<b>3,001.00</b>
<b>ISSUED,SUBSCRIBED AND PAID-UP</b>			
2,70,02,550	(P.Y.2,70,02,550) Equity Shares of Rs.5/- (P.Y. Rs.5/-) each fully paid	1,350.13	1,350.13
		<b>1,350.13</b>	<b>1,350.13</b>

**Notes:**

Of the above:

- 28,000 Equity Shares of Rs. 10/-each were allotted in earlier years as fully paid Bonus Shares by way of Capitalisation of Reserves.
- 17,50,000 Equity Shares of Rs. 10/-each were allotted at par as fully paid up without payment being received in cash in terms of the Scheme of Amalgamation effective 1st January, 1982.
- The face value of equity shares of the company of Rs.10/- each up has been sub-divided into equity shares Rs.5/- each w.e.f. 4th October'2007

#### SCHEDULE 1A : SHARE CAPITAL SUSPENSE ACCOUNT

		Rs.Lacs	
		As at 31-Mar-09	As at 31-Mar-08
16,80,000	Equity Shares of Rs.5/- each to be issued as fully paid up to the shareholders of erstwhile Batliboi SPM Pvt. Ltd. as per the Scheme of Amalgamation (Refer Note No. 1 of Schedule 17 (II) of Notes of Accounts )	84.00	-
		<b>84.00</b>	-

#### SCHEDULE 2 - RESERVES AND SURPLUS

						Rs. Lacs
	Balance as at 01/04/2008	Transferred on amalgamation Balance as on 01/04/07 ( Refer Note 1 of Schedule 17 (II) )	Transferred on amalgamation from Profit & Loss A/c in 2007-08 ( Refer Note 1 of Schedule 17 (II) )	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Balance as at 31/03/2009
Capital Reserves		25.00				25.00
Capital Redemption Reserve	620.99			-	-	620.99
Revaluation Reserve	-	462.43	(3.50)	(3.15)	-	455.79
Securities Premium Account	393.01			-	-	393.01
General Reserve	628.41	19.00			44.00	603.41
Investment Allowance Reserve Utilised	63.05			-	-	63.05
	<b>1,705.46</b>	<b>506.43</b>	<b>(3.50)</b>	<b>(3.15)</b>	<b>44.00</b>	<b>2,161.25</b>
Balance in Profit & Loss Account	1,658.77	61.64	9.91	(338.09)		1,392.22
	<b>3,364.23</b>	<b>568.07</b>	<b>6.41</b>	<b>(341.24)</b>	<b>44.00</b>	<b>3,553.47</b>

Deduction of Rs.44 Lacs from General Reserve represents the excess of share capital issued over the amount of share capital of the erstwhile Batliboi SPM Pvt. Ltd. adjusted on amalgamation (Refer Note no.1 of Schedule 17 (II) of Note of Accounts)



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009**

Rs. Lacs

	As at 31-Mar-09	As at 31-Mar-08
<b>SCHEDULE 3 - SECURED LOANS</b>		
FROM BANKS [Refer Note:17(II) - 5 a, b, c ]		
(a) Cash Credit and Working Capital Borrowings	1,629.56	1,469.00
(b) Rupee Term Loan [ Refer Note : 17(II) - 5 c]		
From Scheduled Co-op. Bank (Refer Note 17(II) - 5 b)	343.37	324.60
From Banks	1,541.80	700.00
[Repayable within one year Rs.644.62 Lacs (P.Y Rs 251.90 Lacs )]		
(c) Foreign Currency Long Term Loan [ Refer Note 17(II) - 5c & 17(a)]	1,650.80	1,933.00
[Repayable within one year Rs.451.57 Lacs (P.Y Rs 403.76 Lacs )]		
	<b>5,165.53</b>	<b>4,426.60</b>
<b>SCHEDULE 4 - UNSECURED LOANS</b>		
Inter Corporate Loans	154.66	18.54
[Repayable within one year Rs Nil (P.Y Rs Nil )]		
	<b>154.66</b>	<b>18.54</b>

**SCHEDULE 5 - FIXED ASSETS**

Rs. Lacs

ASSETS	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 1/4/2008	Trfd on Amalgamation (Refer Note No.1 Schedule 17 (II) of Notes of Accounts)	Additions/ Adjustments	Deductions/ Adjustments	As at 31/3/2009	Upto 31/3/2008	Trfd on Amalgamation (Refer Note No.1 Schedule 17 (II) of Notes of Accounts)	For the Year**	Deductions/ Adjustments	Upto 31/3/2009	As at 31/3/2009	As at 31/3/2008
Land (Freehold)	1,895.20	434.49	-	-	2,329.69	-	-	-	-	-	2,329.69	1,895.20
Buildings												
On Freehold Land	1,242.20	185.23	72.62	-	1,500.05	480.20	111.27	36.07	-	627.54	872.51	762.00
On Leasehold Land	52.70	-	-	0.70	52.00	29.20		1.32	0.37	30.15	21.85	23.50
Plant & Machinery	5,611.00	68.10	73.00	0.90	5,751.20	4,044.60	57.43	91.93	0.29	4,193.67	1,557.53	1,566.40
Office equipment/ computers etc.	731.10	42.42	7.31	4.47	776.36	560.50	22.45	42.27	2.76	622.46	153.90	170.60
Furniture,Fixtures,Fans and Electrical Fittings	191.40	7.46	26.04	0.65	224.25	112.40	5.53	10.84	0.24	128.53	95.72	79.00
Vehicles	63.30	0.39	-	-	63.69	44.70	0.27	2.22	-	47.19	16.50	18.59
Intangible Assets-Tech. Know-how	327.60	-	-	-	327.60	290.50	7.57	18.55	-	316.62	10.98	37.10
<b>T O T A L</b>	<b>10,114.50</b>	<b>738.09</b>	<b>178.97</b>	<b>6.72</b>	<b>11,024.84</b>	<b>5,562.10</b>	<b>204.52</b>	<b>203.20</b>	<b>3.66</b>	<b>5,966.16</b>	<b>5,058.69</b>	<b>4,552.31</b>
(Previous Year)	(9,967.10)	-	(234.40)	(87.00)	(10,114.50)	(5,455.80)		(184.50)	(78.20)	(5,562.10)	(4,552.40)	(4,511.30)
Capital Work-in-Progress including Capital Advances											<b>281.73</b>	165.77
(Previous Year)											(165.77)	(22.70)
<b>T O T A L</b>											<b>5,340.42</b>	<b>4,718.08</b>
(Previous Year)											(4,718.17)	-
For depreciation Refer Note 17(I) - (5)												
** Includes Rs.3.15 Lacs being the depreciation on revalued assets drawn from Revaluation Reserve (SPM).												

## Batliboi Ltd.

### SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009

Rs. in Lacs

	Numbers 31-Mar-09	Numbers 31-Mar-08	Face Value (Each Rs.)	As at 31-Mar-09	As at 31-Mar-08
<b>SCHEDULE 6 - INVESTMENTS (AT COST)</b>					
<b>Long Term Investment</b>					
<b>1. In fully paid Equity Shares (Un-quoted):</b>					
Batliboi Environmental Engineering Ltd. [Refer Note 17(II) -5(e)]	1,908,930	1,908,930	10.00	191.21	191.21
<b>2. In fully paid Shares of Wholly Owned Subsidiary Company (Un-quoted):</b>					
Queen Project Mauritius Ltd.					
1) Ordinary shares of MUR 10 each	32,088	32,088		405.77	405.77
2) Preference Shares of MUR 10 each	14,776,886	15,542,689		2308.89	2138.45
<b>3. Trade Investment (Quoted),</b>					
In fully Paid Equity Shares (Quoted)					
Aturia Continental Ltd.	129,032	129,032	10.00	40.00	40.00
<b>4. Other Investments (Non-trade)</b>					
a) In fully paid Equity Shares (Quoted):					
The Mysore Kirloskar Ltd.	55329	55329	10.00	4.23	4.23
The Mysore Kirloskar Ltd. (SPM)			10.00	5.39	-
Mafatlal Engg. Ind. Ltd.	348	348	100.00	0.38	0.38
The Ahmedabad Mfg. & Calico Printing Co. Ltd.	20	20	125.00	0.01	0.01
Shri Ambica Mills Ltd.	8	8	100.00	0.01	0.01
The Aruna Mills Ltd.	25	25	100.00	0.01	0.01
The Khatau Makanji Spg. & Wvg. Co. Ltd.	55	55	10.00	0.02	0.02
Padmatex Engg.Ltd.	25	25	10.00	0.00	0.00
EPC Irrigations Ltd.	10000	10000	10.00	3.00	3.00
SUB-TOTAL				13.06	7.66
b) In fully paid 4% Cumulative Preference Shares (Quoted):					
The Khatau Makanji Spg. & Wvg. Co. Ltd.	5	5	100.00	0.01	0.01
c) In fully paid Equity Shares (Unquoted):					
Andhra Pradesh State Financial Corporation	5	5	100.00	0.01	0.01
Precision Tooling Systems Ltd.	1500	1500	10.00	0.15	0.15
Shree Vardhan Co.op. Bank Ltd.	200	200	25.00	0.05	0.05
Patan Co-operative Bank Ltd.	100	100	25.00	0.03	0.03
Patan Co-operative Bank Ltd. (SPM)				0.03	-
The Saraswat Co.op. Bank Ltd.	5	5	10.00	0.00	0.00
Shamrao Vitthal Co.op. Bank Ltd.	20,000	2,000	25.00	5.00	0.50
SUB-TOTAL				5.27	0.74
<b>TOTAL</b>				<b>2,964.20</b>	<b>2,783.84</b>
Less: Provision for diminution in value of investments				(52.55)	(47.13)
				<b>2,911.65</b>	<b>2,736.71</b>
Quoted : Cost (after reducing provision)				0.52	0.54
Market Value				2.08	4.00
Unquoted :Cost				2,911.13	2,736.17
<b>Investments purchased and redeemed/sold during the year</b>					
<b>Particulars</b>				<b>Face Value</b>	<b>No. of Units</b>
HSBC Floating Rate Fund Unit				10.0623	9,892,604



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

Rs.Lacs

	As at 31-Mar-09	As at 31-Mar-08
<b>SCHEDULE 7 - INVENTORIES</b>		
1. Raw Materials	826.65	1,122.29
2. Work-in-Progress	1,122.91	1,290.86
3. Stock of machines, including own manufactured	154.96	69.71
Add: Goods in Transit	-	9.62
	<u>154.96</u>	<u>79.33</u>
4. Stores and Spare Parts	40.62	59.13
5. Loose Tools	28.09	30.00
6. Value of incomplete job contracts carried forward	3.04	19.62
Less: Progress payment received/billing against above [ See Note 17 (II) -(25) ]	-            3.04	12.70       6.92
	<u><b>2,176.27</b></u>	<u><b>2,588.53</b></u>
Note:		
[Refer Note 17(I) - (9) for mode of valuation]		
<b>SCHEDULE 8 - SUNDRY DEBTORS</b>		
UNSECURED ( Unless otherwise stated)		
1. Debts outstanding for a period exceeding six months Considered Good	1,047.16	802.64
Considered Doubtful	139.90	260.52
Less: Provision for doubtful debts	139.90	260.52
[ See Note 17 (II) -(25) ]	<u>-</u>	<u>-</u>
	<u>1,047.16</u>	<u>802.64</u>
2. Other debts- Considered Good *	2,042.76	1,799.09
	<u><b>3,089.92</b></u>	<u><b>2,601.73</b></u>
*Includes Rs.300 lacs due from CMD against security of Shares. [ See Note 17 (II) -(26) ] (Maximum amount outstanding at any time during the year Rs.493.50 Lacs )		
<b>SCHEDULE 9 - CASH AND BANK BALANCES</b>		
1. Cash and Cheques on hand and at collection centres including remittances in transit Rs.Nil (PY Rs.Nil)	12.58	17.98
2. Balances with Scheduled Banks :		
In Current Account	45.07	33.22
In Deposit Account (Towards Margin on Guarantees /L/Cs )	164.09	176.23
	<u>209.16</u>	<u>209.46</u>
(Deposit receipts pledged with the banks)	209.16	209.46
	<u><b>221.74</b></u>	<u><b>227.44</b></u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

Rs.Lacs

	As at 31-Mar-09	As at 31-Mar-08
<b><u>SCHEDULE 10 - LOANS AND ADVANCES</u></b>		
UNSECURED - CONSIDERED GOOD UNLESS SPECIFIED OTHERWISE		
1. Staff Loans	17.83	32.22
2. Advances recoverable in cash or in kind or for value to be received	1,080.72	1,278.43
Considered Doubtful	67.93	94.17
Less: Provision for doubtful advances	67.93	94.17
	<u>1,080.72</u>	<u>1,278.43</u>
3. Balances with Excise, Customs and Port Trust	81.39	31.71
4. Taxes paid in advance and deducted at source (net of Provision for tax)	27.72	62.72
	<u><b>1,207.66</b></u>	<u><b>1,405.08</b></u>
<b><u>SCHEDULE 11 - CURRENT LIABILITIES AND PROVISIONS</u></b>		
A. CURRENT LIABILITIES		
1. Sundry Creditors		
a) Due to Micro and Small Enterprise (Refer Note 17(II) -29 )	42.83	74.48
b) Others	2,392.89	2,250.26
2. Advances and Deposits from Customers	1,000.40	1,204.94
3. Interest accrued but not due on loans	23.69	27.75
4. (a) Unclaimed Matured Deposits	0.38	0.68
(b) Unclaimed Dividend	4.09	5.80
(c) Unclaimed Matured Debentures	-	0.84
(d) Interest Accrued on above	-	0.33
5. Other Liabilities	448.72	354.84
	<u><b>3,913.00</b></u>	<u><b>3,919.92</b></u>
B. PROVISIONS		
1. Proposed Dividend	-	270.03
2. Dividend Distribution Tax	-	45.90
3. Provision for Gratuity	567.03	546.29
4. Provision for Leave Encashment	138.80	143.80
	<u><b>705.83</b></u>	<u><b>1,006.02</b></u>
	<u><b>4,618.83</b></u>	<u><b>4,925.94</b></u>



**SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

Rs. Lacs

	Year Ended 31-Mar-09	Year Ended 31-Mar-08
<b>SCHEDULE 12 - GROSS TURNOVER</b>		
1. Sales [Refer Note: 17(II) -20]	9,333.07	12,774.63
2. Service Charges	309.27	288.30
3. Commission	563.54	867.51
4. Revenue from Job Contracts	397.76	502.63
	<b>10,603.64</b>	<b>14,433.07</b>
<b>SCHEDULE 13 - OTHER INCOME</b>		
1. Dividend	11.95	21.51
2. Profit on Sale of Fixed Assets	541.39	7.54
3. Profit on Sale of Investments (Net)	0.19	34.75
4. Insurance, Railway and Other Claims	8.75	5.61
5. Excess Provision of earlier years written back	46.84	13.72
6. Rent	23.02	22.04
7. Unclaimed Credit Balances appropriated	97.73	320.21
8. Miscellaneous Receipts	176.91	200.71
	<b>906.78</b>	<b>626.09</b>
<b>SCHEDULE 14 - COST OF SALES, JOB CONTRACTS &amp; SERVICES</b>		
1. Cost of Sales		
Raw Materials Consumed (Refer Note:17(II) -21 & 22)	3,891.21	4,889.62
2. (Increase)/Decrease in Stocks		
Stock at close :		
Work-in-Process	1,122.91	1,290.86
Stock of Machines and Own Manufactured Machines (Including excise duty)	154.96	69.71
	<b>1,277.87</b>	<b>1,360.57</b>
Less :		
Stock at Commencement		
Work-in-Process	1,290.86	1,093.36
Stock of Machines and Own Manufactured Machines (Including excise duty)	69.71	113.29
	<b>1,360.57</b>	<b>1,206.65</b>
	82.70	(153.92)
	<b>3,973.91</b>	<b>4,735.70</b>
Less:Self Consumption for Job Contracts	(103.58)	(203.88)
	<b>3,870.33</b>	<b>4,531.82</b>
3. Purchases of products for Sale ( Incl.expenses)	1,056.27	1,289.53
4. Cost of Job Contracts (includes self Consumption)	400.71	556.24
5. Cost of Services Rendered	144.34	106.91
6. Job work charges incurred	204.48	364.09
	<b>5,676.13</b>	<b>6,848.59</b>

**SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

Rs. Lacs

	<b>Year Ended 31-Mar-09</b>	Year Ended 31-Mar-08
<b><u>SCHEDULE 15 - EMPLOYEES' REMUNERATION</u></b>		
1. Salaries, wages, Allowances and Bonus	1,795.46	1,636.20
2. Contribution to Provident and Other Funds	189.61	170.16
3. Payments & Provision for Gratuity	85.40	98.68
4. Staff Welfare Expenses	188.73	167.61
	<b>2,259.20</b>	<b>2,072.65</b>
<b><u>SCHEDULE 16 - OTHER EXPENSES</u></b>		
1. Rent	154.29	122.55
2. Rates and Taxes	22.61	11.22
3. Power and Fuel	175.88	224.64
4. Insurance	19.96	16.61
5. Commission	135.22	248.82
6. Exhibitions/ Advertisement Expenses	116.21	75.18
7. Printing and Stationery	27.48	26.04
8. Travelling and Conveyance	258.82	329.45
9. Audit, Legal and Professional Charges	158.16	169.28
10. Bank Commission and other charges	49.52	60.23
11. Vehicle Maintenance	62.42	69.43
12. Postage, Telephone, Telex Charges etc.	80.79	90.19
13. Packing and Cartage	62.49	64.21
14. Stores & Loose Tools Consumed	121.51	165.71
15. Sales Tax	11.24	3.41
16. Repairs to Machinery	41.38	44.53
17. Repairs to Buildings	18.22	19.08
18. Repairs to Other Assets	19.97	13.07
19. Labour Charges	331.87	306.34
20. Discounts and Allowances to Customers	0.37	0.11
21. Directors' Sitting Fees and Commission (other than Wholetime Directors)	5.65	11.77
22. Donation	-	10.00
23. Bad Debts	417.84	84.94
24. Provision for Doubtful Debts/Advances	(166.93)	89.50
25. Exchange difference	19.94	88.32
26. Miscellaneous Expenses	221.38	221.55
	<b>2366.29</b>	<b>2,566.18</b>

## SCHEDULE 17

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS****I) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Financial statements are prepared under the historical cost convention (except for certain fixed assets at Udhana, Coimbatore and Bangalore (SPM Division), which have been revalued) in accordance with the Companies (Accounting Standard) Rules, 2006 issued by the Central Government under the Companies Act, 1956, to the extent applicable, and in compliance with generally accepted accounting principles in India.

**2) USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively when revised.

**3) REVENUE RECOGNITION****A) Revenue from sale of goods:**

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer.

**B) Service Income:**

Income from annual maintenance services is recognized proportionately over the period of contract.

**C) Revenue from Works Contracts:**

Revenue from works contracts is recognized on: "Percentage of completion method";

Percentage or stage of completion is determined by the proportion that contract cost incurred for work performed up to the reporting date bears to the estimated total costs of the contract.

**4) FIXED ASSETS**

Fixed Assets are stated at their original cost of acquisition including incidental expenses related to acquisition and installation except some land & buildings (excluding residential flats) and plants and machinery, which are adjusted on revaluation. The fixed assets manufactured by the company are stated at manufacturing cost or net realizable value whichever is lower, prevailing at the time of capitalization. Fixed assets are shown net of accumulated depreciation and amortization, wherever applicable.

**5) DEPRECIATION****a) Depreciation on all assets of the Manufacturing Unit, excepting those of Tool Room, certain assets transferred from branches and the Wind Mill is provided under the Straight Line Method as under:**

- i. On assets added up to 01.04.1987 at the rates applicable at the time of acquisition of these assets in accordance with the Circular No.1/86 dtd. 21.05.1986 of the Company Law Board.
- ii. On assets added between 01.04.1987 to 15.12.1993, at the rates and in the manner specified in Schedule XIV of the Companies (Amendment) Act, 1988.
- iii. On assets added after 15.12.1993, at the revised rates prescribed in Schedule XIV of the Companies (Amendment) Act, 1988 vide notification no. GSR 756 (E) dated 16.12.1993 in accordance with Circular 14/93, dated 20.12.1993.

**b) Depreciation on all other assets, assets of Tool Room and assets transferred to manufacturing unit from branches and assets of SPM Division has been provided under the Written Down Value method at the revised rates, prescribed in Schedule XIV of the Companies (Amendment) Act, 1988 vide notification no. GSR 756 (E) dated 16.12.1993 in accordance with Circular 14/93, dated 20.12.1993.****c) Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the date of such addition or up to the date of such sale/disposal as the case may be.****d) Depreciation on revalued assets is calculated on the replacement value at the rates considered applicable by the valuers and is charged to Profit and Loss account. In respect of revalued building of SPM, the difference between depreciation on replacement value and on written down value basis is drawn from revaluation reserve created on revaluation to the extent the balance in such reserve is available.****6. IMPAIRMENT OF ASSETS:**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

**a) An impairment loss is recognized where the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash**

flows are discounted to their present value at weighted average cost of capital.

- b) After impairment, depreciation is provided in subsequent periods on the revised carrying amount of the asset over its remaining useful life.
- c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value in use after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

**7) INTANGIBLE ASSETS**

Cost of technical know-how incurred on technical drawings/designs/data for the manufacture of new products is capitalized on receipt of such drawings/designs/data. The technical know-how is amortized from the year in which commercial production commences over its useful life determined by technical evaluation.

**8) INVESTMENTS**

Long-term investments are stated at cost including all expenses incidental to acquisition. Provision is made to recognize a decline, other than temporary in the value of long-term investments. Current investments are stated at lower of cost and fair value.

**9) VALUATION OF INVENTORIES**

- a) Inventories comprising Raw Materials, Work in Progress, Finished Goods, Stores and Loose Tools, are valued at lower of cost or net realizable value.
- b) Incomplete job contracts are valued at the direct cost incurred on such contracts.

**10) EMPLOYEE BENEFITS:****a) Defined Contribution Plans:**

The company has defined contribution plans for post employment benefits in the form of Superannuation Fund for Managers/ Officers which is administered by Life Insurance Corporation of India (LIC), Provident Fund for employees at manufacturing facility administered by Regional Provident Fund Authorities, besides ESIC and Labor Welfare Fund. The company's contributions to Defined Contribution Plans are charged to Profit and Loss Account as and when incurred and the company has no further obligation beyond making the contributions.

**b) Defined Benefits Plans:**

- i. The company's liabilities towards gratuity leave encashment, and compensated absence are determined and provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method for measuring the liability is the Projected Unit Credit Method.
- ii. In respect of employees at the head office and branch, provident fund contributions are made to a trust administered by trustees. The interest payable by the trust to the members shall not be lower than the statutory rate declared by the Central Government and shortfall, if any, shall be made good by the Company.
- iii. Other short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- iv. Actuarial gains and losses are immediately recognized in the Profit and Loss Account of the year without resorting to any amortization/deferment.
- v. Termination benefits are immediately recognized as an expense in Profit and Loss account, as and when incurred.

**11) PROVISIONS AND CONTINGENT LIABILITIES**

Provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current estimates. Contingent liabilities are disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

**12) FOREIGN CURRENCY TRANSACTIONS**

- a) Foreign currency transactions are recorded on initial recognition at the exchange rate in force on the date of the transaction. Exchange differences arising on settlement of monetary items (cash, receivables, payables etc.) are recognized in profit and loss account in the period in which they arise.
- b) Foreign currency monetary items are reported at exchange rates prevailing at the end of the accounting period and the gains/losses are recognized in the profit and loss account.
- c) The premium or discount arising at the inception of forward exchange contracts is amortized as an expense or an income over the life of the contract.

**13) EXPENSES ON ISSUE AND PREMIUM ON REDEMPTION OF SECURITIES**

Expenses on issue of shares and debentures and premium on redemption of debentures are charged to Securities Premium Account.

**14) TAXES ON INCOME:**

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year. Deferred tax is recognized, subject to the consideration of prudence as per Accounting Standard-22 (Accounting for taxes on income) on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**II) NOTES FORMING PART OF ACCOUNTS**
**1. Amalgamation of Batliboi SPM Pvt Limited with Company**

The Amalgamation of Batliboi SPM Pvt Ltd with Appointed Date as 1<sup>st</sup> April, 2007, has been completed and approved by the Hon'ble High Courts of Judicature at Bombay and Karnataka; the financial statements includes effects of this amalgamation.

(a) In accordance with the Scheme of Amalgamation of the erstwhile Batliboi SPM Pvt Limited (hereinafter referred to as "SPM") with the Batliboi Ltd (hereinafter referred to as "Company") as sanctioned by the Hon,ble High Courts of Bombay and Karnataka, the assets, liabilities and reserves of the SPM were transferred to and vested in the Company w.e.f 1<sup>st</sup> April, 2007. The Hon'ble Bombay High Court passed their order Dt.4<sup>th</sup> July, 2008 approving the merger and the Hon'ble Karnataka High Court passed their order on 2<sup>nd</sup> February, 2009. The certified copies of the said orders were duly filed with the Registrar of Companies with in the due date.

(b) SPM was engaged primarily in the business of special purpose machine tools used in the auto sector, large bridge type CNC drilling machines.

(c) The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS) 14- "Accounting for Amalgamations" issued by The Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of erstwhile SPM have been taken over at their books values. The difference between the amount recorded as share capital to be issued and the amount of share capital of the SPM is adjusted in reserves of the Company.

(d) As stipulated in the Scheme of Amalgamation and in accordance with the Accounting Standard (AS) 14- "Accounting for Amalgamations" issued by The Institute of Chartered Accountants of India all reserves of erstwhile SPM have been transferred to the corresponding Reserves account.

Consequent to the amalgamation of the SPM with the Company, the Company has after the date of the Balance Sheet allotted 1680000 equity shares of Rs.5 each to the shareholders of SPM in accordance with the terms of Scheme of Amalgamation.

(e) During the period between the Appointed Date and the Effective Date as erstwhile SPM carried on the existing business in "trust" on behalf of the company, all vouchers, documents, etc., for the period are in the name of erstwhile SPM. The title deeds for landed properties, licenses, agreements, loan documents, etc., are being transferred in the name of the Company.

(f) Previous year/s figures do not include the figures of SPM and hence are not comparable to those of the current year.

**2. Contingent Liabilities not provided for in respect of:**

a. Claims against the company not acknowledged as debts: Rs 370.60 Lacs (Previous Year: Rs. 383.00 Lacs).

b. Disputed sales tax/Excise demands under appeal Rs.91.87 Lacs (Previous Year: Rs. 142.81 Lacs).

c. Corporate Guarantees given to banks & financial institutions for credit facilities/ performance guarantees extended by them to Batliboi Environmental Engineering Limited (BEEL), a related party: Rs 2690.00 Lacs (Previous year: Rs.2590.00 Lacs). Balance outstanding as on 31.03.2009: Rs.2297.73 Lacs (Previous Year: Rs 1315.51 Lacs).

d) Guarantees given on behalf of the Company by its bankers and outstanding Rs866.25 Lacs (Previous year: Rs. 676.60 Lacs) Out of the above, Guarantees issued aggregating Rs.43.53 Lacs (Previous year Rs.43.53 Lacs) by Company's bankers and outstanding in respect of contracts that have since been assigned by the Company to Batliboi Environmental Engineering Limited (BEEL), a related party.

e) In respect of guarantees given by the company to the bankers of Batliboi Environmental Engineering Limited (BEEL), a related party, BEEL has given counter guarantees on behalf of the Company and extended charge on its current assets to secure the financial assistance availed by the Company from banks/financial institutions [Refer note II- 5-(a)].

f) Company has given Corporate Guarantee to others on behalf of its step down subsidiary Quickmill Inc amounting to CAD 0.74 Million equivalent to Rs.297.89 Lacs (P.Y CAD 0.74 Million equivalent to Rs.290.10 Lacs).

**3. Disclosure for Provisions in terms of AS-29:**

Provisions	Opening Amount	Additional Provision	Amount used	Amount Reversed	Rs. Lacs
					Closing Amount
<b>2008-09</b>	<b>214.50</b>	<b>80.21</b>	<b>35.72</b>	<b>64.36</b>	<b>194.63</b>
2007-08	263.00	81.70	8.60	121.60	214.50

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The aforesaid Provisions are made towards claims made by sales tax and excise authorities pending under Appeal and provisions for warranty cover related to part sold and jobs executed.

4. Estimated amount of contracts remaining to be executed on capital account not provided for: Rs 40.25 Lacs (Previous Year: Rs. 92.50 Lacs).
5. Borrowings and Security:
  - a. Security for Bank Borrowings:
    - i. Working Capital Borrowings from BOB led consortium banks on cash credit/overdraft/short term loan and non-fund based facilities are secured by way of first pari passu charge by hypothecation of stock of raw materials, goods in process, finished goods, stores and spares, books debts, outstanding monies, receivables, claims etc. pertaining to the manufacturing division at Udhana and the marketing branches situated all over India, both present and future; besides Second pari passu charge by way of equitable mortgage on the immovable property of the company together with plant and machinery attached to the earth or permanently fastened to anything attached to the earth situated at free-hold land at Udhana, Gujarat. Working capital limits of amalgamated SPM division (erstwhile "Batliboi SPM Pvt Ltd") sanctioned by Canara Bank are secured by hypothecation of Book Debts and Inventories of SPM Division. Canara Bank also has first charge on land and building of SPM Division situated at Bangalore.
    - ii. A specific guarantee facility of Rs.288 Lacs (P.Y Rs.288 Lacs) of BEEL from a bank, is secured by first pari passu charge by way of an equitable mortgage of the immoveable properties of the company situated at leasehold land at Deonar, Mumbai.
  - b. Rupee Term Loans from a Co-operative Scheduled Bank is secured by first charge on the fixed assets financed by these term loans (hereafter "the said fixed assets"); and Second Charge on the Company's immovable and movable property at Udhana, Gujarat. Working capital lender banks have the second pari passu charge on the said fixed assets.
  - c. Rupee Term Loan and Foreign Currency Term Loans are secured by first pari passu charge on the entire fixed assets of the Company situated at Udhana, Gujarat along with other term lenders.
6. Balances of Debtors & Creditors are as per books of account. Letters have been sent to selected Debtors & Creditors seeking confirmation of balances, and replies in some cases are awaited. Adjustments, if necessary, will be made on receipt of such confirmations.
7. In the opinion of the Board of Directors, Current Assets, Loans and Advances have a realizable value in ordinary course of the business at least equal to the amounts at which they are stated in the Balance Sheet.
8. The Company's Udhana Plant had received notices from The Surat Municipal Corporation, Surat for acquisition of land adjoining the State Highway on Surat – Navsari Road admeasuring 6225 sq. mtrs approx for widening of State Highway in the public interest. The Udhana plant has received an award of Rs.3.16 Lacs as compensation for acquisition of above land. However, aggrieved with award the Company has filed a suit claiming Rs 19 Lacs as compensation for the above acquisition. The same is pending before the Hon. Surat Civil Court. Necessary effect in the accounts will be given on completion of legal formalities for transfer of land and settlement of compensation.
9. Interest comprises of the following:

	<b>Rs. Lacs</b>	
	<b>2008-09</b>	2007-08
Interest on Fixed Loans	<b>286.44</b>	195.69
Interest – Others	<b>295.39</b>	103.79
<b>Total</b>	<b>581.83</b>	299.48

10. Taxes on Income:

Deferred Taxes: The major components of deferred tax assets and liabilities are set out below:

	<b>31.03.2009</b>	31.03.2008
	<b>Rs. Lacs</b>	Rs. Lacs
i. Deferred Tax Assets:		
Provision for Doubtful Debts, Advances, Diminution in Value of Investments, and Employee Benefits	<b>433.30</b>	203.40
ii. Deferred Tax Liabilities:		
Depreciation on Fixed Assets	<b>454.33</b>	395.60
iii. Net Deferred Tax Assets/(Liabilities)	<b>(21.03)</b>	(192.20)

**11. Employee Benefits:**
**A. Defined Contribution Plans:**

The company has recognized the following amounts in the Profit and Loss Account for the Year:

	<b>2008-09</b>	2007-08	<u>Refer Item</u>	<u>Refer Schedule</u>
a) Contribution to Employees Provident Fund i.r.o. employees at manufacturing facilities	<b>65.61</b>	49.60	2	15
b) Contribution to Employees Superannuation Fund	<b>67.71</b>	54.90	2	15

**B. Defined Benefit Plans/Compensated Absence:**
**General description of Defined Benefit Plan**
Gratuity:

The company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days/one month salary last drawn for each completed year of service depending on the length of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service.

**1. Gratuity and Compensated Absence as per actuarial valuation on 31<sup>st</sup> March, 2009:**
**Rs. Lacs**

	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>Compensated absence</b>
	<b>Non-funded</b>	<b>Non-funded</b>	<b>Non-funded</b>
<b>■ Changes in the Present Value of Obligation</b>			
a) Present Value of Obligation as at 1 <sup>st</sup> April, 2008	550.57	150.65	2.45
b) Interest Cost	44.04	10.61	-
c) Service Cost	26.81	29.37	-
d) Curtailment Cost/(Credit)	-	-	-
e) Settlement Cost/(Credit)	-	-	-
f) Benefits Paid	59.60	35.11	NA
g) Interest guarantee (if relevant)	-	-	-
h) Actuarial (Gain)/Loss	5.21	(16.72)	3.42
i) Present Value of Obligation as at 31 <sup>st</sup> March, 2009	567.03	138.80	5.87
<b>■ Changes in the Fair Value of Plan Assets</b>			
a) Present Value of Plan Assets as at 1 <sup>st</sup> April, 2008	NIL	NIL	NIL
b) Expected Return on Plan Assets	NA	NA	NA
c) Actuarial (Gain)/Loss	NIL	NIL	NIL
d) Employers' Contributions	NIL	NIL	NIL
e) Benefits Paid	NA	NA	NA
f) Present Value of Obligation as at 31 <sup>st</sup> March, 2009	NIL	NIL	NIL
<b>■ Amount Recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>			
a) Present Value of Defined Benefit Obligation as at 31 <sup>st</sup> March, 2009	567.03	138.80	NIL
b) Fair Value of Plan Assets as at 31 <sup>st</sup> March, 2008	NIL	NIL	NIL
c) Net Liability recognized in the Balance Sheet (as at 31 <sup>st</sup> March, 2008)	567.03	138.80	NIL
<b>■ Expenses Recognized in the profit and Loss Account</b>			
a) Service Cost	26.81	29.37	NIL
b) Interest Cost	44.04	10.61	NIL
c) Expected Return on Plan Assets	NIL	NIL	NIL
d) Curtailment Cost/(Credit)	NIL	NIL	NIL
e) Settlement Cost/(Credit)	NIL	NIL	NIL
f) Net Actuarial (Gain)/Loss	5.21	(16.72)	NIL
g) Total Expenses recognized in the Profit and Loss A/c	76.06	23.26	NIL

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<b>Actual Return on Plan Assets</b>			
<b>Estimated Contribution to be made in the next annual year</b>			
<b>The Composition of Plan Assets:</b> i.e. Percentage of each Category of Plan Assets to Total Fair Value of Plan Assets as at 31 <sup>st</sup> March, 2008			
	NIL	NIL	NIL
a) Govt of India Securities	NA	NA	NA
b) Corporate Bonds	NA	NA	NA
c) Special Deposit Scheme	NA	NA	NA
d) Equity Shares of Listed Companies	NA	NA	NA
e) PropertyNA	NA	NA	NA
f) Insurance Managed Funds	NA	NA	NA
g) Others	NA	NA	NA
j) Total	NA	NA	NA
<b>Actuarial Assumptions</b>			
Retirement age	58 years for employees at manufacturing facilities at Udhana and 60 years at other locations.		
Discount rate	7.00%		
Mortality	LIC(1994-96) ULTIMATE		
Withdrawal rate	1% p.a		
Salary escalation*	4% p.a		

Notes:

\*The estimate of future salary increases considered in actuarial valuation are on the basis of rough approximation of the salary an employee will be receiving at the time of actual payment of gratuity/leave encashment. A suitable growth rate is assumed for this purpose. This is implied in the Projected Unit Credit Method.

### 2. Provident fund:

The Guidance issued by the Accounting Standard Board (ASB) on implementing AS-15 Employee Benefits (Revised 2005) states that provident funds set-up by employers, which require interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

Pending the issuance of the guidance note from the Actuarial Society of India, the company's actuary has expressed his inability to reliably measure provident fund liability. Accordingly, the company is unable to exhibit the related disclosures.

### 12. Remuneration to Directors:

a)	Rs. Lacs	
	2008-09	2007-08
<b>Remuneration of Whole-time Directors:</b>		
Salaries	95.17	112.50
Contribution to Provident & Other Fund	6.81	11.50
Provision for Superannuation/Purchase of Annuity	7.08	4.00
Monetary Value of Perquisites	5.56	9.80
Gratuity & Leave Encashment	6.83	
<b>Total</b>	<b>121.45</b>	<b>137.80</b>
Nos. of whole-time Directors	*3	3
<b>Remuneration of Directors Other than Whole-time Directors:</b>		
Sitting Fee	5.65	5.80
Commission	-	6.00
<b>Total</b>	<b>5.65</b>	<b>11.80</b>

\* Mr.K.L Swami ceased to be director w.e.f .01.06.2008

b) In view of losses no commission is payable to directors. Hence computation of net profit under Section 349 of the Companies Act, 1956, has not been given.

- c) Payment to Managing Director up to 31<sup>st</sup> March, 2009, being in excess of the ceiling prescribed under schedule XIII of the Companies Act, 1956 amounting to Rs. 27.64 Lacs is subject to approval of the Central Government.
- d) The Company in view of losses shall also be seeking approval from the shareholders by way of special resolution at the ensuing annual general meeting for the remuneration paid to Executive Directors, in excess of the prescribed limit under Schedule XIII to the Companies Act, 1956.

13. Audit, Legal & Professional Charges (including Service tax), under Item 8 of Schedule 16, include the following payments to Auditors: **Rs. Lacs**

	2008-09		2007-08	
	Statutory Auditors	Branch Auditors	Statutory Auditors	Branch Auditors
a) Audit Fees	<b>6.72</b>	<b>1.25*</b>	6.40	1.25*
b) Tax Matters	<b>1.85</b>	<b>0.50*</b>	0.20	0.50*
c) Certification	<b>0.02</b>	-	-	-
d) Expenses	<b>0.85</b>	<b>0.54</b>	1.70	0.51
e) Other Services	<b>1.48</b>	<b>2.30*</b>	2.30	1.22*
<b>Total</b>	<b>10.92</b>	<b>4.59</b>	10.60	3.48

\* Excluding Service Tax

\*Other Services of Rs.2.30 Lacs includes short provision of Rs.0.40 Lacs of earlier years and VAT Audit fees of Rs.0.75 Lacs for F.Y.2006-07 & 2007-08.

14. C.I.F. Value of Imported Items: **Rs. Lacs**

	2008-09	2007-08
a) Raw Materials and Components	<b>395.68</b>	693.20
b) Stores and Spare parts	-	-
c) Purchases for Trading	<b>5.64</b>	97.50
d) Capital Goods	<b>32.48</b>	91.50
<b>Total</b>	<b>433.80</b>	882.20

15. Expenditure in Foreign Currency, on accrual basis: **Rs. Lacs**

	2008-09	2007-08
a) Traveling expenses	<b>32.11</b>	53.30
b) Interest on ECB Loan	<b>82.99</b>	126.00
c) Others	<b>18.59</b>	45.80
<b>Total</b>	<b>133.69</b>	225.10

16. Earnings in Foreign Currency, on accrual basis: **Rs. Lacs**

	2008-09	2007-08
Commission/other income	<b>550.11</b>	853.60
<b>Total</b>	<b>550.11</b>	853.60

17. (a) Foreign currency long term loan includes:

- (i) CAD 2700000 i.e Rs.1086.90 Lacs against which the company has a forward cover for USD/CAD 200000. The USD/INR leg as at balance sheet date is open.
  - (ii) EURO 529300 i.e Rs.355.78 Lacs against which the company has forward cover of EURO/USD 40000. The USD/INR leg as at balance sheet date is open.
  - (iii) USD 410250 i.e Rs.208.12 Lacs against which the company has no forward cover or natural hedge.
  - (iv) The company has no exposure by way of derivative contracts.
- (b) Exchange Gains/(Loss) created/(charged) to Profit and Loss Account: Rs 19.94 Lacs  
(P.Y Rs.88.32 Lacs)

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18. Details of licensed capacity, installed capacity and production of each class of goods manufactured:

	Unit	CAPACITY *				PRODUCTION**	
		LICENCED		INSTALLED		2008-09	2007-08
		2008-09	2007-08	2008-09	2007-08		
a) Machine Tools		634	634	634	634	@ @380	@ @534
b) Installations for Humidification and Air Control & Compressors	Nos.	450	450	450	450	**4165	**4764
c) Exhaust Fans and Similar Duct Works	Nos.	600	600	600	600	721	**2001
d) Water Pollution Control Installations	Nos.	50	50	****	****	-	-
e) Equipments for Air Pollution Control	Nos.	640	640	****	****	-	-
f) Files	Doz.	90000	90000	****	****	-	-
g) Tool Bits	Doz.	10000	10000	10000	10000	-	-
h) C.I.&Alloy Castings	M.T.	5400 (Single Shift)	5400 (Single Shift)	3600 (Double Shift)	3600 (Double Shift)	@1476	@1926
i) S G Iron Castings	M.T.	***	***	***	***	@ -	@ -
j) Aluminum Castings	M.T.	***	***	***	***	@3.5	@25

@ Includes for captive consumption as under:

	Unit	2008-09	2007-08
		Qty.	Qty.
C.I.Castings	M.T.	1473	1915
Alum. Castings	M.T.	3.5	25
S.G. Iron Casting	M.T.	NIL	NIL
Hmd & A/ctr and Compr	Nos.	NIL	NIL

\* Capacity Figures are on annual basis

\*\* Includes production of parts of equipments. 4165 Nos. (Previous year 4764 Nos.); and Production of equipments 721 Nos (Previous year: 2001 Nos.)

@ @Includes SPM production

\*\*\* Spare capacity available at Udhana for production of C.I.Castings was utilized for the production of items under i & j above.

\*\*\*\* Since plant was sold, disclosure is no more required.

**19. Opening and Closing Stock Of Goods Manufactured:**

	OPENING STOCK					CLOSING STOCK			
	Unit	As at 01.04.2008		As at 01.04.2007		As at 31.03.2009		As at 31.03.2008	
		Qty	Rs. Lacs	Qty	Rs. Lacs	Qty	Rs. Lacs	Qty	Rs. Lacs
a) Machine Tools	Nos.	1	31.50	4	60.75	1	31.50	1	31.50
b) Humidification Air Control/Exhaust Fans & Compressors	Nos.	11	14.55	-	-	1	7.58	11	14.55
c) Castings	M.T.			-	-			-	-
d) Spares	Nos.	1	0.25	-	-			1	0.25
<b>Total</b>			<b>46.30</b>		60.75		<b>39.08</b>		46.30

**20. Turnover of Goods:**

	Unit	2008-09		2007-08	
		Qty.	Rs. Lacs	Qty.	Rs. Lacs
a) Indigenous Machinery Including Machine Tools	Nos.	646	6067.31	817	6876.50
b) Farm Equipments including Diesel Engines, Pumps, Motors, Generators	Nos.	---	---	---	---
c) Plant for Humidification & Air Control Equipment, Exhaust Fans & Similar duct Works.					
Manufactured	Nos.	4832	2273.10	6753	4806.89
Others	Nos.	---	872.28	---	627.94
d) CI & SG Castings	MT	3	*1.77	11	*6.54
e) Others	---	---	171.25	---	456.76
<b>Total</b>			<b>9333.07</b>		12774.63

\* Value of CI & SG Castings is net of captive consumption.

**21. Consumption of Raw Materials:**

	Unit	2008-09		2007-08	
		Qty.	Rs.Lacs	Qty.	Rs. Lacs
a) Aluminum Sheets	Nos.	26514.00	43.96	58195.77	155.51
b) Iron and Steel	Kgs	688.17	338.52	1121.02	520.07
c) Castings	Kgs.	6730.42	30.00	9965.61	34.65
d) Electric Motors	Nos.	2368.00	266.99	4008.00	568.79
e) Scrap	MT	1621784	497.46	2172548.70	523.83
f) Other Components	-		2714.28	-	4213.90
<b>Total</b>			<b>3891.21</b>		6016.75

**22. Consumption of Imported and Indigenous Raw Materials, Components, Stores and Spares:**

	2008-09		2007-08	
	% of Total Consumption	Rs. Lacs	% of Total Consumption	Rs. Lacs
a) Raw Materials & Components				
Imported	10%	455.68	11%	693.20
Indigenous	90%	4307.38	89%	5484.60
	<b>100%</b>	<b>4763.06</b>	<b>100%</b>	<b>6177.80</b>
b) Stores, Spares & Loose Tools				
Imported	0%	-	0%	-
Indigenous	100%	121.24	100%	165.60
			100%	165.60

## Batliboi Ltd.

23. It is the view of the company that the provisions of Items 3(ii) (d) of Part II of Schedule VI of the Companies Act 1956 do not require disclosure of the quantities and value wise information of Opening and Closing stock and purchases in respect of goods traded in by the Company.

### 24. Segment Reporting:

The company has considered business segments as the primary segments for disclosure.

Segments have been identified in line with the Accounting Standards on Segment Reporting (AS-17), taking into account the nature of business, products and services, the Company's organization structure as well as the differential risks and returns of these segments. Segments Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments. Those not identifiable to the individual segments are included under unallocated.

The company has classified its business into four major segments:

- Machine Tool Business Group*, which handles manufacturing and marketing (including trading and agency business) of machine tool and components e.g. CNC and GPM machines, machine castings, machine carcasses, cranes etc.
- Textile Engineering Group*, which deals in manufacturing and marketing of textile air-engineering systems range i.e Humidification, waste recovery, and auto control systems, besides marketing (including trading and agency business) of textile machinery e.g. circular knitting, spinning, and flat-knitting machines etc.
- Air-conditioning and Refrigeration division*, which covers manufacturing, marketing, commissioning and servicing of packaged air-conditioners and chillers etc.
- Others*, which covers remaining business i.e., agro-industrial products (e.g. pumps/motors), air and water treatment jobs etc

#### i) Primary Segments Reporting (Based on Business Segments)

Rs. Lacs

	Machine Tools Group		Textile Engineering Group		Air-conditioning & Refrigeration Group		Others		Un-allocated		Total Co.	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>Segment Revenue</b>												
Total Segment Revenue	5872.06	5947.37	3115.73	6318.89	990.99	1041.80	-	-	-	-	9978.78	13308.06
Add: Other un-allocable Revenue							-	-	86.45	244.34	86.45	244.34
Sub Total	5872.06	5947.37	3115.73	6318.89	990.99	1041.80	-	-	86.45	244.34	10065.23	13552.40
(Less): Inter-segment Sales	(8.76)	(67.11)	-	-	-	-	-	-	-	-	(8.76)	(67.11)
Segment Revenue from external customers	5863.30	5880.26	3115.73	6318.89	990.99	1041.80	-	-	86.45	244.34	10056.47	13485.29
<b>Segment Results</b>												
Profit/(Loss) before Interest & Tax	79.10	950.69	166.67	1658.72	(113.76)	(93.40)	-	-	-	-	132.01	2516.01
(Less): Interest		-		-		-	-	-	(581.82)	(299.49)	(581.82)	(299.49)
(Less)/Add: Other un-allocable (exp.) net of un-allocable income		-		-		-			26.12	(600.52)	26.12	(600.52)
Total Profit/(Loss) before Tax	79.10	950.69	166.67	1658.72	(113.76)	(93.40)	-	-	(555.70)	(900.01)	(423.69)	1616.00
<b>Segment wise Capital Employed (Segment Assets Less Segment Liabilities)</b>												
Segment Assets	5582.10	4773.90	1272.32	1849.50	550.98	564.90	0.20	0.20	7595.26	7089.10	15000.86	14277.60
Segment Liabilities	1862.95	1619.00	1156.11	1540.30	545.94	477.20	1.85	1.80	6446.47	5609.20	10013.32	9247.50
Capital Expenditure	25.00	171.10	-	37.60		0.50	-	-	256.73	169.40	281.73	378.60
Depreciation	80.01	67.90	35.54	32.70	2.15	2.30	-	-	82.35	81.80	200.05	184.70
Non cash expenses other than Depreciation	---	---	---	---	---	---	---	---	---	---		---

#### ii) Secondary Segment Reporting

The Company caters mainly to the needs of the domestic market. The export turnover is not significant in the context of the total turnover. As such there are no reportable geographical segments.

**25. Disclosures Required under Accounting Standard 7 (Revised) Construction Contracts:**

1. Method used to determine the contract revenue:	<i>Percentage Completion method</i>	
2. Method used to determine stage of completion of	The Proportion that the contract cost incurred for work contract in progress performed up to reporting date bears to the estimated total contract cost	
	<b>Rs. Lacs</b>	
	<b>2008-09</b>	2007-08
3. Total Contract Revenue recognized as Revenue during the year	<b>397.76</b>	<b>502.60</b>
<i>II) For the Jobs in-progress as on Balance Sheet Date</i>		
a. Aggregate of Cumulative Cost Incurred plus Gross Profit Recognized minus Gross Loss Recognized	<b>826.28</b>	<b>1388.70</b>
b. Amount due from/(to) customers	<b>199.50</b>	<b>14.54</b>
c. Advances received from customers	<b>13.95</b>	<b>14.32</b>
d. Retention Money kept by the Customers	-	-

**26. Related Party Disclosures:**

Related party disclosures as required under Accounting Standard 18 (AS-18) on "Related Party Disclosures" are given below:

**A) Relationships:**
**i) Subsidiary companies:**

- |  |
|--|
| <ul style="list-style-type: none"> <li>a) Queen Projects (Mauritius) Ltd.-Mauritius</li> <li>b) Vanderama Holdings Ltd.-Cyprus</li> <li>c) Pilatus View Holdings AG-Switzerland</li> <li>d) Quickmill Inc.-Canada</li> <li>e) Aesa Air Engineering SA-France</li> <li>f) Aesa Air Engineering SPA-Italy</li> <li>g) Aesa Air Engineering PTE Ltd-Singapore</li> <li>h) Aesa Air Engineering Ltd-Hong Kong</li> <li>i) Aesa Air Engineering Ltd-China</li> <li>j) Aesa Air Engineering Pvt Ltd-India</li> </ul> |
|--|

**ii) Key Management Personnel:**

- a) Mr. Nirmal Bhogilal, Chairman & Managing Director
- b) Mr. George Verghese, Executive Director
- c) \*Mr. Krushan Lal Swami, Executive Director & Group CFO

\*Ceased to be director w.e.f 01.06.2008

**iii) Relatives of Key Management Personnel:**

- a) Mr. Pratap Bhogilal, Chairman Emeritus
- b) Mr.Kabir Bhogilal, Asst.General Manager-Business Development

**iv) Entities over which key management personnel are able to exercise significant influence:**

- a) Batliboi Environmental Engineering Ltd.
- b) Batliboi International Limited
- c) Batliboi Impex Pvt. Ltd.
- d) Batliboi Enxco Pvt. Ltd.
- e) Sustime Pharma Pvt. Ltd.
- f) Spartan Electricals

**v) Entities to which management personnel are trustees**

- a) Bhogilal Leherchand Foundation
- b) Leherchand Uttamchand Trust Fund

## Batliboi Ltd.

### B) Transactions & Outstanding Balances:

Rs. Lacs

	Subsidiary Companies		Entities#		Key Management Personnel & their Relatives	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>I) Transactions</b>						
a) Purchase of goods/materials/services/ fixed assets/ investments	33.38	-	134.32	665.20	-	-
b) Sale of goods/materials/services/ fixed assets/ investments/ recovery of expenses	204.20	-	300.54	605.80	543.50 *	-
c) Rent/License fee received	-	-	1.43	-	-	-
d) Loans & Advances in cash or kind received/ (refunded) (Net)	-	-	3.36	(200.00)	-	-
e) Loans & Advances in cash or kind given/ (Net)	-	-	264.01	-	-	-
f) Balances written off/(written-back)	-	-	235.87	-	-	-
g) Gross Salary/Remuneration	-	-	-	-	120.88	148.20
Interest Paid.	-	-	-	11.40	-	1.40
Other (Receipts)/Payments	-	-	-	6.00	-	-
<b>II) Outstanding Balances i.r.o:</b>						
a) Loans and advances received		-	10.00	18.50	-	-
b) Loans and advances given		-		-	-	-
c) Other receivable (for goods, services & other items)	68.30	-	876.02	862.80	300.00 *	-
d) Other payables (for goods, services & other items)	3.36	-	44.84	325.50	-	-
e) Guarantee received from related parties		-		-	-	-

# Entities over which key management personnel are able to exercise significant influence.

\* The Company has sold one of its property to the Chairman & Managing Director for a total sum of Rs. 543.50 lakhs. An amount of Rs. 300 lakhs is yet to be received and is secured by a pledge of shares.

### 27. Basic & Diluted Earnings per Share:

Basic/diluted earnings per share (EPS) has been calculated by dividing the net profit after taxation for the year as per the accounts, which is attributable to equity shareholders, by weighted average number of equity shares outstanding during the year, as under:

Workings of EPS	2008-09	2007-08
A. Profit computation for both Basic and Diluted Earning Per Share of Rs.5/- each Net Profit/(Loss) available for Equity Shareholders: Rs. in Lacs	(338.10)	1007.17
B. Weighted average number of Equity shares for computation of Basic & Diluted Earning per Share: Nos.	2,86,82,550	2,70,02,550
C. Basic & Diluted Weighted Average Earning/(Loss) Per Share: Rs.	(1.18)	3.73

28. In the opinion of the management there are no indications that the assets of the company are impaired.

**29. Micro, Small and Medium Enterprises**

The Statement showing the amount payable above Rs.1 Lacs and outstanding for more than 30 days to Micro, Small and Medium Enterprises as at 31<sup>st</sup> March, 2009 and interest provision made thereon is given below:

Name of the Parties	Rs. Lacs	
	Amount outstanding as on 31.03.2009	Interest Provision thereon
New Shivam Plastic	2.02	0.04
Product System Engineering	11.96	0.32
Press Stamping Industries	20.51	0.44
Navlaxmi Industries	3.91	Nil
Renuga Almunia Works	1.00	Nil
Vignesh Fabs	3.43	Nil
<b>Total</b>	<b>42.83</b>	<b>0.80</b>

30. The figures in respect of the previous financial year have been reclassified and regrouped wherever necessary.

**SIGNATURES TO SCHEDULES 1 TO 17**

As per our report attached of even date

**For V.SANKAR AIYAR & CO.**  
*Chartered Accountants*

**(G. SANKAR)**  
*Partner*

Mumbai  
Dated:8<sup>th</sup> May, 2009

For and On Behalf of the Board of Directors

**NIRMAL BHOGILAL**  
*Chairman & Managing Director*

**GEORGE VARGHESE**  
*Executive Director*

**VINEET GOEL**  
*Chief Financial Officer*

**B.B.VANWARI**  
*Chief Corporate Counsel & Company Secretary*

Mumbai  
Dated:8<sup>th</sup> May, 2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

Rs.Lacs

	Year Ended 31-Mar-09	Year Ended 31-Mar-08	
<b>I. CASH FLOW ARISING FROM OPERATING ACTIVITIES:</b>			
<b>Net Profit before Tax and Extraordinary items</b>	<b>(423.68)</b>		<b>1,615.99</b>
Add Back :			
a) Depreciation	200.05	184.50	
b) Interest	581.83	299.48	
c) Debit balances written off	417.84	-	
d) Prov. for Doubtful Debts/Other Advances	(166.93)	89.50	
e) Leave Encashment Provision	(5.00)		
f) Provision for Gratuity	20.74	41.00	
	<u>1,048.53</u>		<u>614.48</u>
Deduct :			
a) Income from Investments (Dividend)	11.95	21.51	
b) Surplus on Sale of Assets	541.39	7.55	
c) Surplus on Sale of Investments	0.19	34.75	
d) Unclaimed Credit balances appropriated	97.73	320.21	
e) Excess Provisions of earlier year written back	46.84	13.72	
	<u>698.10</u>		<u>397.74</u>
<b>Operating Profit Before Working Capital Changes</b>	<b>(73.26)</b>		<b>1,832.73</b>
Deduct :			
a) Increase in Inventories	-	240.42	
b) Increase in Trade Receivables & Advances	215.42	853.60	
c) Decrease in Trade and other Payables	-	675.55	1,769.57
	<u>215.42</u>		<u>1,769.57</u>
Add :			
a) Decrease in Inventories	412.13	-	
b) Increase in Trade and other Payables	126.43		
	<u>538.56</u>		<u>-</u>
	<u>538.56</u>	<u>-</u>	<u>-</u>
<b>Income Taxes Paid</b>	<b>249.89</b>		<b>63.16</b>
	<b>26.26</b>		<b>616.00</b>
<b>Net Cash Inflow / (Outflow) from Operations (A)</b>	<b>223.63</b>		<b>(552.84)</b>
<b>II. CASH FLOW ARISING FROM INVESTING ACTIVITIES:</b>			
Inflow :			
a) Sale of Fixed Assets	241.39	16.30	
b) Income from investments (Dividend)	11.95	21.51	
c) Sale of Mutual Fund units (Liquid Fund)	0.19	617.10	
d) Sale/Redemption of other Investments	125.94	379.47	1,079.96
	<u>379.47</u>		<u>1,079.96</u>
Deduct :			
Outflow :			
a) Acquisition of Fixed Assets(net)	294.93	377.70	
b) Purchase of Shares	4.53		
c) Overseas acquisitions	-	299.46	3,062.07
	<u>299.46</u>		<u>3,062.07</u>
<b>Net Cash Inflow / (Outflow) in course of Investing Activities (B)</b>	<b>80.01</b>		<b>(1,982.11)</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

Rs.Lacs

	Year Ended		Year Ended	
	31-Mar-09		31-Mar-08	
<b>III. CASH FLOW ARISING FROM FINANCING ACTIVITIES:</b>				
Inflow :				
a) Increase in Term Loan	482.33		2,469.48	
b) Increase in unsec loan	136.12		-	
c) Increase in Working Capital Borrowings	160.56	779.01	1,251.02	3,720.50
Deduct :				
Outflow :				
(a) Foreign Exchange Loss	190.56			
(b) Net decrease in other Unsecured Loans			234.46	
(c) Dividend/Dividend tax paid	315.93		320.19	
(d) Redemption of Preference Share Capital	-		365.09	
(e) Net interest Paid	581.83	1,088.32	299.48	1,219.22
<b>Net Cash Inflow/(Outflow) in course of Financing Activities (C)</b>		<b>(309.31)</b>		<b>2,501.28</b>
<b>Net Increase/(Decrease) in cash/Cash Equivalents (A+B+C)</b>		<b>(5.71)</b>		<b>(33.67)</b>
Add - Balance at the begining of the year		227.44		261.10
<b>Cash/Cash Equivalents at the close of the year</b>		<b>221.74</b>		<b>227.44</b>
<b>Net Increase/(Decrease) in cash/Cash Equivalents</b>		<b>(5.71)</b>		<b>(33.66)</b>

As per our report attached of even date

**For V.SANKAR AIYAR & CO.**  
Chartered Accountants**(G. SANKAR)**  
PartnerMumbai  
Dated : 8th May, 2009

For and On Behalf of the Board of Directors

**NIRMAL BHOGILAL**  
Chairman & Managing Director**GEORGE VERGHESE**  
Executive DirectorMumbai  
Dated : 8th May, 2009**B. B. VANWARI**  
Chief Corporate Counsel &  
Company Secretary**VINEET GOEL**  
Chief Financial Officer

## Batliboi Ltd.

<b>BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE</b> (Pursuant to Part IV of Schedule VI of the Companies Act, 1956)		<b>Rs. in Thousands</b>
<b>i. Registration Details</b>		
Registration No.	: L52320MH1941PLC003494	
State Code	: 11	
Balance Sheet	: 31.03.2009	
<b>ii. Capital Raised during the year</b>		
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private Placement		NIL
<b>iii. Position of Mobilisation and Deployment of Funds</b>		
<b>Total Liabilities</b>		1,032,882
<b>Total Assets</b>		1,032,882
<b>Sources of Funds</b>		
Paid up Capital		143,413
Reserves & Surplus		355,347
Secured Loan		516,553
Unsecured Loan		15,466
Deferred Tax Liabilities		2,103
<b>Application of Funds</b>		
Net Fixed Assets		534,041
Investment		291,165
Net Current Assets		207,676
Misc. Expenditure		-
<b>iv. Performance of the Company</b>		
Turnover		1,065,981
Total Expenditure		1,108,349
Profit / Loss Before Tax		(42,368)
Profit / Loss After Tax		(33,809)
Earning Per Share in Rs.		(1.18)
Dividend Rate%		Nil
<b>V. Generic Name of Three Principal Products / Services of the Company</b>		
1. Item Code No. (ITC Code)	: 84573090; 84592930; 84595110; 84595120; 84595130; 84669390; 73259910; 76011090; 76012090; 26219000	
Product Description	: General Purpose & Special Purpose Machine Tools	
2. Item Code No. (ITC Code)	: 84145930; 84149040; 84213920; 84212190; 84219900; 84798920; 84799090	
Product Description	: Textile Machinery and Textile Air Engineering Equipment	
3. Item Code No. (ITC Code)	: 84148011; 84149011; 84189000; 84151090 84151010; 84159000	
Product Description	: Air Conditioning Machines & parts thereof.	

## Auditor's Report on Consolidated Accounts

### Auditor's Report to the Board of Director's of Batliboi Ltd. on the Consolidated Financial Statements of Batliboi Ltd. & its Subsidiaries.

1. We have audited the attached consolidated Balance Sheet of **BATLIBOI LTD.** ("the Company") and its subsidiaries as at 31<sup>st</sup> March 2009, the Consolidated Profit & Loss Account & the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 7848.06 Lacs as at March 31, 2009 and revenues of Rs. 16653.20 Lacs for the year. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with requirement's of Accounting standard 21- 'Consolidated Financial Statements'.
5. Based on our audit and on consideration of the report of the other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.:
  - a. in the case of the consolidated Balance Sheet, of the state of affairs of the Company and its subsidiary as at 31 March 2009;
  - b. in the case of the consolidated Profit & Loss Account, of the profit for the year ended on that date; and
  - c. in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **V. Sankar Aiyar & Co.**  
**Chartered Accountants**

**(G. Sankar)**  
**Partner**  
**Membership No.: 46050**

Place: Mumbai  
Date: 8<sup>th</sup> May, 2009

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

Rs.Lacs

	Schedule	As at 31-Mar-09	As at 31-Mar-08
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds:</b>			
(a) Share Capital	1	1,350.13	1,350.13
Share Capital Suspense A/c	1A	84.00	-
(b) Reserves and Surplus	2	4,207.20	3,835.36
		<b>5,641.33</b>	<b>5,185.49</b>
<b>2. Minority Interest</b>			
		<b>14.41</b>	<b>22.24</b>
<b>3. Loan Funds :</b>			
(a) Secured Loans	3	7,168.54	5,706.41
(b) Unsecured Loans	4	154.66	18.54
		<b>7,323.20</b>	<b>5,724.95</b>
<b>4. Deferred Tax Liabilities ( Net )</b>			
		<b>21.03</b>	<b>192.22</b>
		<b>12,999.97</b>	<b>11,124.90</b>
<b>II APPLICATION OF FUNDS</b>			
<b>5. Fixed Assets</b>			
(a) Gross Block	5	16,351.39	14,550.91
(b) Less: Depreciation/Amortisation to date		8,511.09	7,664.25
(c) Net Block		<b>7,840.30</b>	<b>6,886.66</b>
(d) Capital Work-in-Progress (Including Capital Advances)		281.73	165.77
<b>6. Goodwill on Consolidation</b>			
		1169.70	1,169.70
<b>7. Investments</b>			
	6	793.20	350.15
<b>8. Current Assets, Loans and Advances</b>			
(a) Inventories	7	5,012.90	5,353.64
(b) Sundry Debtors	8	5,757.00	5,721.56
(c) Cash and Bank Balances	9	474.26	454.89
(d) Loans and Advances	10	1,395.18	1,874.96
		<b>12,639.34</b>	<b>13,405.05</b>
<b>Less: Current Liabilities and Provisions</b>			
(a) Current Liabilities	11	8,822.89	9,565.53
(b) Provisions		901.41	1,286.90
		<b>9,724.30</b>	<b>10,852.43</b>
<b>Net Current Assets</b>			
		<b>2,915.04</b>	<b>2,552.62</b>
		<b>12,999.97</b>	<b>11,124.90</b>
<i>Significant Accounting Policies &amp; Notes to the Accounts</i>	17		

*The Schedules referred above form an integral part of the Balance Sheet*

As per our report attached of even date

**For V.SANKAR AIYAR & CO.**  
Chartered Accountants

**(G. SANKAR)**  
Partner

Mumbai  
Dated : 8th May, 2009

**NIRMAL BHOGILAL**  
Chairman & Managing Director

**GEORGE VERGHESE**  
Executive Director

For and On Behalf of the Board of Directors

**B. B. VANWARI**  
Chief Corporate Counsel &  
Company Secretary

**VINEET GOEL**  
Chief Financial Officer



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

Rs.Lacs

	Schedule	Year Ended 31-Mar-09	Year Ended 31-Mar-08
<b>INCOME :</b>			
1. Gross Turnover	12	26,457.36	28,840.41
Less: Excise Duty		850.61	1,471.80
Net Sales		25,606.75	27,368.61
2. Other Income	13	1,706.26	879.20
<b>TOTAL INCOME</b>		<b>27,313.01</b>	<b>28,247.81</b>
<b>EXPENDITURE :</b>			
3. Cost of Sales, Job Contracts and Services	14	13,844.76	14,614.13
4. Employees' Remuneration	15	5,758.23	5,005.20
5. Other Expenses	16	5,560.36	5,326.96
6. Interest		654.55	395.30
7. Depreciation/Amortisation		607.93	489.93
<b>TOTAL EXPENDITURE</b>		<b>26,425.84</b>	<b>25,831.52</b>
<b>8. Profit before Tax</b>		<b>887.17</b>	<b>2,416.29</b>
9. Provision for Taxation			
For Current Tax		425.84	886.70
For Deferred Tax (Net)		(145.06)	20.49
For Fringe Benefit Tax		28.00	37.28
<b>10. Profit after Tax for the year</b>		<b>578.39</b>	<b>1,471.82</b>
11. Tax Adjustments in respect of earlier years		31.47	-
Profit before Minority Interest		546.92	1,471.82
Minority Interest		(7.84)	(15.82)
<b>12. Total Profit/(Loss)</b>		<b>554.76</b>	<b>1,487.64</b>
13. Add: Balance as per last Balance Sheet		2,139.18	1,432.64
Add: Amount Transferred on amalgamation (Ref note no.1 Schedule 17(II) of Notes to Accounts)			-
Balance of Profit & Loss Account as on 01.04.2007		61.64	
Profit after Tax for Financial Year 2007-08		9.91	
<b>Profit available for appropriation</b>		<b>2,765.49</b>	<b>2,920.28</b>
<b>APPROPRIATIONS</b>			
14. Proposed Dividend			
- On Preference Shares			270.03
- On Equity Shares			45.89
15. Dividend Distribution Tax			365.09
16. Transfer to Capital Redemption Reserve			100.00
17. Transfer to General Reserve			2,139.18
18. Balance carried to Balance Sheet		2,765.49	2,139.18
		<b>2,765.49</b>	<b>2,920.19</b>
<b>19. Earnings per Share (Basic &amp; Diluted)</b>			
(Face Value of Rs.5/- per Share)		1.93	5.51
(Refer Note No. 28 of Schedule 17 (II) of Notes of Accounts)			
<i>Significant Accounting Policies &amp; Notes to the Accounts</i>	17		

The Schedules referred above form an integral part of the Profit & Loss Account

As per our report attached of even date

For and On Behalf of the Board of Directors

**For V.SANKAR AIYAR & CO.**  
Chartered Accountants

**NIRMAL BHOGILAL**  
Chairman & Managing Director

**B. B. VANWARI**  
Chief Corporate Counsel &  
Company Secretary

**(G. SANKAR)**  
Partner

**GEORGE VERGHESE**  
Executive Director

**VINEET GOEL**  
Chief Financial Officer

Mumbai  
Dated : 8th May, 2009

**SCHEDULES ANNEXED TO AND FORMING PART OF THE  
CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

		Rs.Lacs	
Schedule		As at 31-Mar-09	As at 31-Mar-08
<b>SCHEDULE 1 : SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
461,70,400	(P.Y. 461,70,400) Equity Shares of Rs.5/- each	2,308.52	2,308.52
692,480	(P.Y. 692,480) Preference Shares of Rs. 100/- each	692.48	692.48
		<b>3,001.00</b>	<b>3,001.00</b>
<b>ISSUED,SUBSCRIBED AND PAID-UP</b>			
2,70,02,550	(P.Y.2,70,02,550) Equity Shares of Rs.5/- (P.Y. Rs.5/-) each fully paid	1,350.13	1,350.13
		<b>1,350.13</b>	<b>1,350.13</b>

*Notes:*

Of the above:

- 28,000 Equity Shares of Rs. 10/-each were allotted in earlier years as fully paid Bonus Shares by way of Capitalisation of reserves.
- 17,50,000 Equity Shares of Rs. 10/-each were allotted at par as fully paid up without payment being received in cash in terms of the Scheme of Amalgamation effective 1st January, 1982.
- The face value of equity shares of the company of Rs.10/- each up has been sub-divided into equity shares Rs.5/- each w.e.f. 4th October'2007

**SCHEDULE 1A : SHARE CAPITAL SUSPENSE ACCOUNT**

		Rs. Lacs	
		31-Mar-09	31-Mar-08
16,80,000	Equity Shares of Rs.5/- each to be issued as fully paid up to the shareholders of erstwhile Batliboi SPM Pvt. Ltd. as per the Scheme of Amalgamation (Refer Note No. 1 of Schedule 17 (II) of Notes of Accounts )	84.00	-
		<b>84.00</b>	-

**SCHEDULE 2 - RESERVES AND SURPLUS**

						Rs. Lacs
	Balance as at 01/04/2008	Transferred on amalgamation Balance as on 01/04/07 ( Refer Note 1 of Schedule 17 (II) )	Transferred on amalgamation from Profit & Loss A/c in 2007-08 ( Refer Note 1 of Schedule 17 (II) )	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Balance as at 31/03/2009
Capital Reserves		25.00		-		25.00
Capital Redemption Reserve	620.98			-	-	620.98
Revaluation Reserve	-	462.43	(3.50)	(3.15)	-	455.79
Securities Premium Account	393.01			-	-	393.01
General Reserve	628.41	19.00			44.00	603.41
Investment Allowance Reserve Utilised	63.05			-	-	63.05
Foreign Currency Translation Reserve	(9.27)			(710.25)		(719.53)
	<b>1,696.18</b>	<b>506.43</b>	<b>(3.50)</b>	<b>(713.40)</b>	<b>44.00</b>	<b>1,441.71</b>
Balance in Profit & Loss Account	2,139.18	61.64	9.91	554.76		2,765.49
	<b>3,835.36</b>	<b>568.07</b>	<b>6.41</b>	<b>(158.64)</b>	<b>44.00</b>	<b>4,207.20</b>

Deduction of Rs.44 Lacs from General Reserve represents the excess of share capital issued over the amount of share capital of the erstwhile Batliboi SPM Pvt. Ltd. adjusted on amalgamation (Refer Note no.1 of Schedule 17 (II) of Note of Accounts)



**SCHEDULES ANNEXED TO AND FORMING PART OF THE  
CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

	As at 31-Mar-09	As at 31-Mar-08
Rs.Lacs		
<b>SCHEDULE 3 - SECURED LOANS</b>		
FROM BANKS		
(a) Cash Credit and Working Capital Borrowings	2,105.49	1,650.57
(b) Rupee Term Loan		
From Scheduled Co-op. Bank	343.37	324.60
From Bank	1,541.80	700.00
[Repayable within one year Rs.644.62 Lacs (P.Y Rs 251.90 Lacs )]		
(c) Foreign Currency Long Term Loan	3,177.88	3,031.24
[Repayable within one year Rs.626.05 Lacs (P.Y Rs 736.60 Lacs )]		
	<b>7,168.54</b>	<b>5,706.41</b>
<b>SCHEDULE 4 - UNSECURED LOANS</b>		
Inter Corporate Loans	154.66	18.54
[Repayable within one year Rs Nil (P.Y Rs Nil )]		
	<b>154.66</b>	<b>18.54</b>

**SCHEDULE 5 - FIXED ASSETS**

	GROSS BLOCK					DEPRECIATION/AMORTISATION						NET BLOCK		
	As at 01/04/2008	Trfd on Amalgamation	Additions/ Adjustments	Deductions/ Adjustments	Exchange Difference	As at 31-Mar-09	Upto 31/03/2008	Trfd on Amalgamation	For the Year **	Deductions/ Adjustments	Exchange Difference	Upto 31-Mar-09	As at 31-Mar-09	As at 31/03/2008
Land (Freehold)	2,003.94	434.49	-	-	6.61	2,445.04	-	-	-	-	-	-	2,445.04	2,003.94
Buildings														
On Freehold Land	2,113.19	185.23	72.62	-	52.87	2,423.91	928.10	111.27	66.63	-	28.12	1,134.12	1,289.79	1,185.09
On Leasehold Land	91.27		1.41	0.70	0.99	92.97	53.01	-	9.46	0.37	0.53	62.63	30.35	38.26
Plant & Machinery	5,920.89	68.10	81.68	1.55	158.97	6,228.08	4,301.70	57.43	110.83	0.58	123.02	4,592.40	1,635.68	1,619.20
Office equipment/ computers etc.	1,406.48	42.42	56.51	7.66	29.83	1,527.59	1,126.45	22.45	98.13	(8.57)	25.44	1,281.04	246.54	280.04
Furniture, Fixtures, Fans and Electrical Fittings	491.90	7.46	40.63	12.86	(141.85)	385.27	348.17	5.53	16.99	(0.59)	(109.44)	261.84	123.43	143.73
Vehicles	100.50	0.39	-	14.23	1.71	88.37	75.22	0.27	4.19	14.12	1.48	67.04	21.33	25.28
Intangible Assets-Tech. Know-how	2,422.73	-	718.00	55.88	75.31	3,160.16	831.61	7.57	304.86	58.33	26.32	1,112.02	2,048.14	1,591.12
<b>TOTAL</b>	<b>14,550.91</b>	<b>738.09</b>	<b>970.84</b>	<b>92.87</b>	<b>184.43</b>	<b>16,351.39</b>	<b>7,664.25</b>	<b>204.52</b>	<b>611.08</b>	<b>64.24</b>	<b>95.48</b>	<b>8,511.09</b>	<b>7,840.30</b>	<b>6,886.66</b>
(Previous Year)	(9,967.11)		(4,834.50)	(483.90)	(233.20)	(14,550.91)	(7,465.60)		(489.93)	(449.90)	(158.62)	(7,664.25)	(6,886.66)	-
Capital Work-in-Progress													281.73	165.77
(Previous Year)													(165.77)	-
<b>TOTAL</b>													<b>8,122.03</b>	<b>7,052.43</b>
(Previous Year)													(7,052.43)	-
For depreciation Refer Note I-(6)														
** Includes Rs.3.15 Lacs being the depreciation on revalued assets drawn from Revaluation Reserve (SPM).														

## Batliboi Ltd.

### SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009

	Numbers 31-Mar-09	Numbers 31-Mar-08	Face Value (Each Rs.)	As at 31-Mar-09	As at 31-Mar-08
Rs.Lacs					
<b>SCHEDULE 6 - CONSOLIDATED INVESTMENTS (AT COST)</b>					
<b>Long Term Investment</b>					
1. In fully paid Equity Shares (Un-quoted):					
Batliboi Environmental Engineering Ltd.	1,908,930	1,908,930	10.00	191.21	191.21
2. Trade Investment (Quoted),					
In fully Paid Equity Shares (Quoted)					
Aturia Continental Ltd.	129,032	129,032	10.00	40.00	40.00
3. Other Investments (Non-trade)					
a) In fully paid Equity Shares (Quoted):					
The Mysore Kirloskar Ltd.	55329	55329	10.00	4.23	4.23
The Mysore Kirloskar Ltd. (SPM)			10.00	5.39	-
Mafatlal Engg. Ind. Ltd.	348	348	100.00	0.38	0.38
The Ahmedabad Mfg. & Calico Printing Co. Ltd.	20	20	125.00	0.01	0.01
Shri Ambica Mills Ltd.	8	8	100.00	0.01	0.01
The Aruna Mills Ltd.	25	25	100.00	0.01	0.01
The Khatau Makanji Spg. & Wvg. Co. Ltd.	55	55	10.00	0.02	0.02
Padmatex Engg.Ltd.	25	25	10.00	0.00	0.00
EPC Irrigations Ltd.	10000	10000	10.00	3.00	3.00
SUB-TOTAL				13.06	7.66
b) In fully paid 4% Cumulative Preference Shares (Quoted):					
The Khatau Makanji Spg. & Wvg. Co. Ltd.	5	5	100.00	0.01	0.01
c) In fully paid Equity Shares (Unquoted):					
Andhra Pradesh State Financial Corporation	5	5	100.00	0.01	0.01
Precision Tooling Systems Ltd.	1500	1500	10.00	0.15	0.15
Shree Vardhan Co.op. Bank Ltd.	200	200	25.00	0.05	0.05
Patan Co-operative Bank Ltd.	100	100	25.00	0.03	0.03
Patan Co-operative Bank Ltd. (SPM)				0.03	-
The Saraswat Co.op. Bank Ltd.	5	5	10.00	0.00	0.00
Shamrao Vitthal Co.op. Bank Ltd.	20,000	2,000	25.00	5.00	0.50
SUB-TOTAL				5.27	0.74
d) In Mutual Fund units					
Mutual Funds in France				596.21	157.66
SUB-TOTAL				596.21	157.66
<b>TOTAL</b>				<b>845.75</b>	<b>397.28</b>
Less: Provision for diminution in value of investments				(52.55)	(47.13)
				<b>793.20</b>	<b>350.15</b>
Quoted : Cost (after reducing provision)				0.52	0.54
Market Value				2.08	4.00
Unquoted :Cost				792.68	349.61
<b>Investments purchased and redeemed/sold during the year</b>					
<b>Particulars</b>				<b>Face Value</b>	<b>No. of Units</b>
HSBC Floating Rate Fund Unit				10.0623	9,892,604



**SCHEDULES ANNEXED TO AND FORMING PART OF THE  
CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

Rs.Lacs

	As at 31-Mar-09	As at 31-Mar-08
<b>SCHEDULE 7 - INVENTORIES</b>		
1. Raw Materials	2,051.92	2,051.95
2. Work-in-Progress	1,874.31	2,449.43
3. Stock of machines, including own manufactured	835.33	544.26
Add: Goods in Transit	-	9.62
	<u>835.33</u>	<u>553.88</u>
4. Stores and Spare Parts	220.21	261.46
5. Loose Tools	28.09	30.00
6. Value of incomplete job contracts carried forward	3.04	19.62
Less: Progress payment received/billing against above	-	12.70
	<u>3.04</u>	<u>6.92</u>
	<u><b>5,012.90</b></u>	<u><b>5,353.64</b></u>
Note:		
[Refer Note 17(I) -(9) for mode of valuation]		
<b>SCHEDULE 8 - SUNDRY DEBTORS</b>		
UNSECURED		
1. Debts outstanding for a period exceeding six months	2,357.98	2,973.32
Considered Good		
Considered Doubtful	529.32	501.11
Less: Provision for doubtful debts	529.32	501.11
	<u>-</u>	<u>-</u>
	<u>2,357.98</u>	<u>2,973.32</u>
2. Other debts- Considered Good *	3,399.02	2,748.24
	<u><b>5,757.00</b></u>	<u><b>5,721.56</b></u>
* Includes Rs.300 lacs due from CMD against security of Shares. (Maximum amount outstanding at any time during the year Rs.493.50 Lacs )		
<b>SCHEDULE 9 - CASH AND BANK BALANCES</b>		
1. Cash and Cheques on hand and at collection centres including remittances in transit Rs.Nil (PY Rs.Nil)	13.35	19.27
2. Balances with Scheduled Banks :		
In Current Account	296.82	259.39
In Deposit Account (Towards Margin on Guarantees /L/Cs )	164.09	176.23
	<u>460.91</u>	<u>435.62</u>
(Deposit receipts pledged with the banks)	460.91	435.62
	<u><b>474.26</b></u>	<u><b>454.89</b></u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE  
CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

Rs.Lacs

	As at 31-Mar-09	As at 31-Mar-08
<b>SCHEDULE 10 - LOANS AND ADVANCES</b>		
UNSECURED - CONSIDERED GOOD UNLESS SPECIFIED OTHERWISE		
1. Staff Loans	92.28	114.58
2. Advances recoverable in cash or in kind or for value to be received	1,114.95	1,633.60
Considered Doubtful	67.93	94.17
Less: Provision for doubtful advances	67.93	94.17
	<u>1,114.95</u>	<u>1,633.60</u>
3. Balances with Excise, Customs and Port Trust	187.95	126.78
4. Taxes paid in advance and deducted at source (net of Provision for tax)	-	-
	<u><b>1,395.18</b></u>	<u><b>1,874.96</b></u>
<b>SCHEDULE 11 - CURRENT LIABILITIES AND PROVISIONS</b>		
A. CURRENT LIABILITIES		
1. Sundry Creditors		
a) Due to Micro and Small Enterprise	42.83	74.48
b) Others	5,860.96	5,480.58
2. Advances and Deposits from Customers	1,833.39	2,750.06
3. Interest accrued but not due on loans	28.53	30.78
4. (a) Unclaimed Matured Deposits	0.38	0.68
(b) Unclaimed Dividend	4.09	5.80
(c) Unclaimed Matured Debentures	-	0.84
(d) Interest Accrued on above	-	0.33
5. Other Liabilities	1,052.71	1,221.98
	<u><b>8,822.89</b></u>	<u><b>9,565.53</b></u>
B. PROVISIONS		
1. Provision for Taxation	101.05	182.41
2. Proposed Dividend	-	270.03
3. Dividend Distribution Tax	-	45.89
4. Provision for Gratuity	661.56	644.77
5. Provision for Leave Encashment	138.80	143.80
	<u><b>901.41</b></u>	<u><b>1,286.90</b></u>
	<u><b>9,724.30</b></u>	<u><b>10,852.43</b></u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE  
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Rs.Lacs	
	Year Ended 31-Mar-09	Year Ended 31-Mar-08
<b>SCHEDULE 12 - GROSS TURNOVER</b>		
1. Sales	25,154.95	27,149.16
2. Service Charges	309.27	288.30
3. Commission	595.38	900.32
4. Revenue from Job Contracts	397.76	502.63
	<u>26,457.36</u>	<u>28,840.41</u>
<b>SCHEDULE 13 - OTHER INCOME</b>		
1. Dividend	11.95	21.51
2. Exchange Difference Gains	562.75	-
3. Profit on Sale of Fixed Assets	542.20	9.24
4. Profit on Sale of Investments (Net)	0.19	34.75
5. Insurance, Railway and Other Claims	8.75	5.61
6. Excess Provision of earlier years written back	101.09	13.72
7. Rent	59.80	46.25
8. Unclaimed Credit Balances appropriated	102.70	468.80
9. Discounts and Allowances	6.81	3.67
10. Miscellaneous Receipts	310.02	275.65
	<u>1,706.26</u>	<u>879.20</u>
		Rs.Lacs
	Year Ended 31-Mar-09	Year Ended 31-Mar-08
<b>SCHEDULE 14 - COST OF SALES, JOB CONTRACTS &amp; SERVICES</b>		
1. Cost of Sales		
Raw Materials Consumed (Refer Note:II -22 & 23)	11,737.74	12,784.80
2. (Increase)/Decrease in Stocks		
Stock at close :		
Work-in-Process	1,874.31	2,449.43
Stock of Machines and Own Manufactured Machines (Including excise duty)	835.33	544.26
	<u>2,709.64</u>	<u>2,993.69</u>
Less :		
Stock at Commencement		
Work-in-Process	2,449.43	2,576.74
Stock of Machines and Own Manufactured Machines (Including excise duty)	544.26	113.29
	<u>2,993.69</u>	<u>2,690.03</u>
	284.05	(303.66)
	<u>12,021.79</u>	<u>12,481.14</u>
Less:Self Consumption for Job Contracts	(103.58)	(203.88)
	<u>11,918.21</u>	<u>12,277.26</u>
3. Purchases of goods for Resale ( Incl.expenses)	1,162.54	1,309.63
4. Cost of Job Contracts (includes self Consumption)	415.19	556.24
5. Cost of Services Rendered	144.34	106.91
6. Job work charges incurred	204.48	364.09
	<u>13,844.76</u>	<u>14,614.13</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE  
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Year Ended 31-Mar-09	Year Ended 31-Mar-08
Rs.Lacs		
<b>SCHEDULE 15 - EMPLOYEES' REMUNERATION</b>		
1. Salaries, wages, Allowances and Bonus	4,678.92	4,036.88
2. Contribution to Provident and Other Funds	805.18	702.03
3. Payments & Provision for Gratuity	85.40	98.68
4. Staff Welfare Expenses	188.73	167.61
	<u>5,758.23</u>	<u>5,005.20</u>
<b>SCHEDULE 16 - OTHER EXPENSES</b>		
1. Rent	408.02	286.26
2. Rates and Taxes	93.78	52.39
3. Power and Fuel	196.98	245.92
4. Insurance	127.14	100.99
5. Commission	688.84	720.20
6. Exhibitions/ Advertisement Expenses	223.05	147.49
7. Printing and Stationery	85.62	69.87
8. Travelling and Conveyance	682.77	731.05
9. Audit, Legal and Professional Charges	292.50	308.77
10. Bank Commission and other charges	139.44	120.60
11. Vehicle Maintenance	62.42	69.43
12. Postage, Telephone, Telex Charges etc.	192.55	182.50
13. Packing and Cartage	573.74	398.99
14. Stores & Loose Tools Consumed	260.75	329.18
15. Sales Tax	23.65	7.50
16. Repairs to Machinery	50.36	58.54
17. Repairs to Buildings	44.19	47.41
18. Repairs to Other Assets	43.71	29.75
19. Labour Charges	331.87	306.34
20. Discounts and Allowances to Customers	0.37	0.11
21. Directors' Sitting Fees and Commission (other than Wholetime Directors)	4.74	18.09
22. Donation	0.89	13.76
23. Bad Debts	422.29	101.81
24. Provision for Doubtful Debts/Advances	(31.49)	106.57
25. Exchange difference	-	421.86
26. Miscellaneous Expenses	642.19	451.57
	<u>5560.36</u>	<u>5,326.96</u>

**SCHEDULE 17**
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS**
**I) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**
**1. BASIS OF CONSOLIDATION :**

The Consolidated Financial Statements relate to Batliboi Limited ("the Company" or "the Parent") and its subsidiary companies.

**A) Basis of accounting:**

- (i) The Financial Statements of the subsidiary companies used in the preparation of the Consolidated Financial Statements are drawn up to the same reporting date as that of the Company i.e. 31st March, 2009.
- (ii) The Consolidated Financial Statements have been prepared under the historical cost convention (except for certain fixed assets of the parent and one of the subsidiary which have been revalued) on accrual basis and in accordance with Companies (Accounting Standards) Rules, 2006 issued by the Central Government under the Companies Act, 1956 to the extent applicable and in compliance with generally accepted accounting principles in India.

**B) Principles of Consolidation:**

The Consolidated Financial Statements have been prepared on the following basis:-

- (i) The Financial Statements of the Parent and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. The intra group balances and intra group transactions as well as unrealized profits or losses resulting from intra group transactions are fully eliminated.
- (ii) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized as "Goodwill" and shown under the head "Goodwill on Consolidation".
- (iii) The operations of the foreign subsidiaries are not considered as an integral part of the operations of the parent. Hence, revenue items are consolidated at the average rate prevailing during the year; and all assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the exchange fluctuation reserve for future adjustments.
- (iv) Minority interest in the net income (loss) of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to shareholders of the Parent.
- (v) Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Parent's shareholders. Minority interest in the Net Asset of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders as on the dates on which investments are made by the Parent in the subsidiary companies and further movements in their share in the equity subsequent to the dates of investments.
- (vi) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Parent's separate financial statements. Considering that financial statements of the subsidiaries have been prepared under diverse laws and regulations applicable to the respective countries of residence of the subsidiaries i.e. Canada, France, Italy, Singapore, Hong Kong, these consolidated financial statements have been prepared substantially in the same format adopted by parent to the extent possible.

**C) The subsidiary companies which are included in consolidation and the percentage of ownership interest therein of the Parent as on 31st March 2009 are as under:**

S.No	Name of the Subsidiary	% of Ownership interest as on 31.03.2009	Country of Incorporation	Date since it became subsidiary
1.	Queen Projects (Mauritius) Ltd.	100%	Mauritius	10.04.2007
2.	Vanderma Holdings Ltd.	100%	Cyprus	10.04.2007
3.	Pilatus View Holding AG	100%	Switzerland	10.04.2007
4.	Quickmill Inc.	100%	Canada	12.04.2007
5.	AESA Air Engineering S.A.	70%	France	06.07.2007
6.	AESA Air Engineering Private Ltd.	70%	India	06.07.2007
7.	AESA Air Engineering SPA	70%	Italy	06.07.2007
8.	AESA Air Engineering Ltd.	70%	Hong Kong	06.07.2007
9.	AESA Air Engineering Pte. Ltd.	70%	Singapore	06.07.2007
10.	AESA Air Engineering Ltd. China	70%	China	06.07.2007

**2. USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively when revised.

**3. REVENUE RECOGNITION**

- A) Revenue from sale of goods are recognized on transfer of all significant risks and rewards of ownership to the buyer.
- B) Service Income: Income from annual maintenance services is recognized proportionately over the period of contract.
- C) Recognition of Revenue from Works Contracts: Revenue from works contracts and jobs of building large machines in the nature of works contract are recognized on 'Percentage of completion method'. Percentage or stage of completion is determined by the proportion that contract cost incurred for work performed up to the reporting date bears to the estimated total costs of the contract.

**4. FIXED ASSETS**

Fixed Assets are stated at their original cost of acquisition including incidental expenses related to acquisition and installation except all land, buildings (excluding residential flats) and plants and machinery, which are adjusted on revaluation. The fixed assets manufactured by the company are stated at manufacturing cost or net realizable value whichever is lower, prevailing at the time of capitalization. Fixed assets are shown net of accumulated depreciation and amortization, wherever applicable.

**5. DEPRECIATION**

- a) Depreciation on most of the assets of the Manufacturing Unit and the Wind Mill of the parent is provided under the Straight Line Method as under:
  - i. On assets added up to 01.04.1987 at the rates applicable at the time of acquisition of these assets in accordance with the Circular No.1/86 dtd. 21.05.1986 of the Company Law Board.
  - ii. On assets added between 01.04.1987 to 15.12.1993, at the rates and in the manner specified in Schedule XIV of the Companies (Amendment) Act, 1988.
  - iii. On assets added after 15.12.1993, at the revised rates prescribed in Schedule XIV of the Companies (Amendment) Act, 1988 vide notification no. GSR 756 (E) dated 16.12.1993 in accordance with Circular 14/93, dated 20.12.1993.
- b) Depreciation on assets of the Parent at non-manufacturing locations, and some assets of the Parent at manufacturing units i.e. assets of Tool Room and some assets transferred to manufacturing unit from branches of the parent and assets of SPM division has been provided under the Written Down Value method at the revised rates, prescribed in Schedule XIV of the Companies (Amendment) Act, 1988 vide notification no. GSR 756 (E) dated 16.12.1993 in accordance with Circular 14/93, dated 20.12.1993.
- c) In case of subsidiaries Leasehold improvements are amortized over the remaining period of the primary lease or the useful life, whichever is earlier.
- d) Depreciation on assets of the overseas subsidiaries are provided over its useful economic life determined by the management of the respective subsidiary, as under:

	Quickmill Inc., Canada	Aesa Air-Engineering, SA France*
Building	N.A.	15 years
Leasehold improvements	50% on written down value	N.A.
Machinery and equipment	20% on written down value	3-10 years
Furniture and fixtures	20% on written down value	10 years
Computers/Office Equipment	30% on written down value	1-7.5 years
Computer software	100% on straight line	1-3 years
Vehicles/Transport Equipment	30% on written down value	1-4 years
Intangible Assets	Impairment Test	4-10 years

\*Aesa Air-engineering, SA France and its subsidiaries

- e) Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the date of such addition or up to the date of such sale/disposal as the case may be.
- f) Depreciation on revalued assets is calculated on the replacement value at the rates considered applicable by the valuers and is charged to Profit and Loss account. In respect of revalued building of SPM, the difference between depreciation on replacement value and on written down value basis is drawn from revaluation reserve created on revaluation to the extent the balance in such reserve is available.

**6. IMPAIRMENT OF ASSETS:**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors.

- a) An impairment loss is recognized where the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at weighted average cost of capital.
- b) After impairment, depreciation is provided in subsequent periods on the revised carrying amount of the asset over its remaining useful life.
- c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value in use after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

**7. INTANGIBLE ASSETS**

- a) Intangible Assets are stated at cost of acquisition less accumulated amortization.
- b) Intangible assets are amortized over the assets useful life.
- c) Development costs including direct labour, materials and allocated overhead relating to the development of new technology are expensed in the period incurred unless a development project meets the criteria under generally accepted accounting principles for deferral and amortization. Capitalised costs are amortised using the straight-line basis over a 3 year period, which is the estimated useful life of the technology. Investment tax credits applicable to a claim for scientific research and development are treated as a reduction of the capitalised cost.
- d) Expenditure on amounts paid in respect of specific trademarks is amortized on a straight-line basis over five years.

**8. INVESTMENTS**

Long-term investments are stated at cost including all expenses incidental to acquisition. Provision is made to recognize a decline, other than temporary in the value of long-term investments. Current investments are stated at lower of cost and fair value.

**9. VALUATION OF INVENTORIES**

- a) Inventories comprising Raw Materials, Work in Progress, Finished Goods, Stores and Loose Tools, are valued at lower of cost or net realizable value. Cost of inventories in the case of Parent is determined on weighted average basis and on FIFO basis in the case of subsidiaries.
- b) Incomplete job contracts are valued at the direct cost incurred on such contracts.

**10. EMPLOYEE BENEFITS:****Employee Retirement Benefits:****a) Defined Contribution Plans:**

- i. The Parent has defined contribution plan for post employment benefits in the form of Superannuation Fund for Managers/Officers which is administered by Life Insurance Corporation of India (LIC), Provident Fund for employees at manufacturing facility administered by Regional Provident Fund Authorities, besides ESIC and Labour Welfare Fund. The company's international subsidiaries have their respective pension/social securities contribution plans. The contributions to Defined Contribution Plans are charged to Profit and Loss Account as and when incurred. The Parent has no further obligation beyond making the contributions.
- ii. The Canadian subsidiary has contributions towards pension/social securities which are charged to profit & loss account as and when incurred and the French subsidiary provides for the liability on accrual basis. The subsidiaries have no further obligation beyond making the contribution.

**b) Defined Benefits Plans:**

- i. The Parent's liabilities towards gratuity leave encashment, and compensated absence are determined and provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method for measuring the liability is the Projected Unit Credit Method.
- ii. The Parent's liability in respect of employees at the Head office and branch are provided on actual basis. The interest payable by the trust to the employees shall not be lower than the statutory rate declared by the Central Government and shortfall, if any, shall be made good by the Parent.
- iii. Other short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- iv. Actuarial gains and losses are immediately recognized in the Profit and Loss Account of the year without resorting to any amortization/deferment.

- v. Termination benefits are immediately recognized as an expense in Profit and Loss account, as and when incurred.
- vi. The company's overseas subsidiaries account for the defined benefits which are accounted on accrual basis. The difference between the accrual amounts and actuarial valuations are not expected to be material.

### 11. PROVISIONS AND CONTINGENT LIABILITIES

Provision is recognized when there is a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current estimates. Contingent liabilities are disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

### 12. FOREIGN CURRENCY TRANSACTIONS

- a) Foreign currency transactions are recorded on initial recognition at the exchange rate in force on the date of the transaction. Exchange differences arising on settlement of monetary items (cash, receivables, payables etc.) are recognized in the profit and loss account in the period in which they arise.
- b) Foreign currency monetary items are reported at exchange rates prevailing at the end of the accounting period and the gains/losses are recognized in the profit and loss account.
- c) The premium or discount arising at the inception of forward exchange contracts is amortized as an expense or an income over the life of the contract.

### 13. EXPENSES ON ISSUE AND PREMIUM ON REDEMPTION OF SECURITIES

Expenses on issue of shares and debentures and premium on redemption of debentures are charged to Securities Premium Account.

### 14. TAXES ON INCOME:

- a) Current tax is determined as the amount of tax payable in the respective company in respect of estimated taxable income for the year.
- b) Deferred tax is recognized, subject to the consideration of prudence as per Accounting Standard-22 (Accounting for taxes on income) on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- c) Investment tax credits are accrued when qualifying expenditures are made and there is reasonable assurance the credits will be realized. Investment tax credits are accounted using the costs reduction method.

## II) NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

### 1. Amalgamation of Batliboi SPM Pvt Limited with Company

The Amalgamation of Batliboi SPM Pvt Ltd with Appointed Date as 1<sup>st</sup> April, 2007, has been completed and approved by the Hon'ble High Courts of Judicature at Bombay and Karnataka; the financial statements includes effects of this amalgamation.

- (a) In accordance with the Scheme of Amalgamation of the erstwhile Batliboi SPM Pvt. Limited (hereinafter referred to as "SPM") with the Batliboi Ltd (hereinafter referred to as "Company") as sanctioned by the Hon,ble High Courts of Bombay and Karnataka, the assets, liabilities and reserves of the SPM were transferred to and vested in the Company w.e.f 1<sup>st</sup> April, 2007. The last of the High Court order Dt.2<sup>nd</sup> February,2009 approving the scheme was received on 12<sup>th</sup> February,2009 and last of the certified copies of the High Court orders sanctioning the scheme was filed with the Registrar of the Company on 26<sup>th</sup> March, 2009.
- (b) SPM was engaged primarily in the business of special purpose machine tools used in the auto sector, large bridge type CNC drilling machines.
- (c) The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS) 14- "Accounting for Amalgamations" issued by The Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of erstwhile SPM have been taken over at their books values. The difference between the amount recorded as share capital to be issued and the amount of share capital of the SPM is adjusted in reserves of the Company.
- (d) As stipulated in the Scheme of Amalgamation and in accordance with the Accounting Standard (AS) 14- "Accounting for Amalgamations" issued by The Institute of Chartered Accountants of India all reserves of erstwhile SPM have been transferred to the corresponding Reserves account.

Consequent to the amalgamation of the SPM with the Company, the Company has after the date of the Balance Sheet allotted 1680000 equity shares of Rs.5 each to the shareholders of SPM in accordance with the terms of scheme of amalgamation.

- (e) During the period between the appointed date and the Effective Date as erstwhile SPM carried on the existing business in "trust" on behalf of the company, all vouchers, documents, etc., for the period are in the name of erstwhile SPM. The title

deeds for landed properties, licenses, agreements, loan documents, etc., are being transferred in the name of the Company.

(f) Previous year/s figures do not include the figures of SPM and hence are not comparable to those of the current year.

**2. Contingent liabilities:** Contingent liabilities not provided for are given in Note II (1) to the standalone financial statements.

**3. Intangible Assets:**

In respect of Quickmill Inc.:

The intangible Assets relate to the proprietary right to the Company's products, manufacturing processes, trade marks, customer contracts and related customer relationships acquired by its subsidiary which are amortized over 15 years. Accordingly, a sum of Rs.96.17 Lacs has been charged to the Consolidated Profit and Loss account.

**4. Segment Reporting:**

The group has considered business segments as the primary segments for disclosure.

Segments have been identified in line with the Accounting Standards on Segment Reporting (AS-17), taking into account the nature of business, products and services, the Company's organization structure as well as the differential risks and returns of these segments. Segments Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments. Those not identifiable to the individual segments are included under unallocated.

The group has classified its business into four major segments:

- Machine Tool Business Group*, which handles manufacturing and marketing (including trading and agency business) of machine tool and components e.g. CNC and GPM machines, machine castings, machine carcasses, cranes etc.
- Textile Engineering Group*, which deals in manufacturing and marketing of textile air-engineering range i.e. humidification & temperature control, waste recovery, and auto control systems, besides marketing (including trading and agency business) of textile machinery e.g. circular knitting, spinning, and flat-knitting machines etc.
- Air-conditioning and Refrigeration division*, which covers manufacturing, marketing, commissioning and servicing of packaged air-conditioners and chillers etc.
- Others*, which covers remaining business i.e., agro-industrial products (e.g. pumps/motors), air and water treatment jobs etc

**i) Primary Segments Reporting (Based on Business Segments)**

**Rs. Lacs**

	Machine Tools		Textile Engineering		Air-conditioning & Refrigeration		Others		Un-allocable		Consolidated Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>Segment Revenue</b>												
Total Segment Revenue	12968.75	13390.73	12101.40	13509.43	990.99	1041.80	-	-	-	-	26061.14	27941.96
Add: Other un-allocable Revenue									56.94	244.34	56.94	244.34
Sub Total	12968.75	13390.73	12101.40	13509.43	990.99	1041.80	-	-	56.94	244.34	26004.20	28186.30
(Less): Inter-segment Sales	(8.76)	(67.11)	-	-	-	-	-	-	-	-	(8.76)	(67.11)
Segment Revenue from external customers	12959.99	13323.62	12101.40	13509.43	990.99	1041.80	-	-	56.94	244.34	26109.32	28119.19
<b>Segment Results</b>												
Profit/(Loss) before Interest & Tax	1420.79	2298.91	159.43	1628.53	(113.76)	(93.40)	-	-	-	-	1466.46	3834.04
(Less): Interest	-	-	-	-	-	-	-	-	(654.55)	(395.30)	(654.55)	(395.30)
(Less)/Add: Other un-allocable (exp.) net of un-allocable income	-	-	-	-	-	-	-	-	75.26	(1022.45)	75.26	(1022.45)
Total Profit/(Loss) before Tax	1420.79	2298.91	159.43	1628.53	(113.76)	(93.40)	-	-	(579.29)	(1417.75)	887.17	2416.29
<b>Segment wise Capital Employed</b>												
(Segment Assets Less Segment Liabilities)	5119.03	3689.01	(68.38)	89.83	5.05	87.77	(1.65)	(1.65)	587.28	1320.53	5641.33	5185.49
Segment Assets	11620.70	9549.03	5431.13	6689.52	550.98	564.98	0.20	0.20	5121.26	5173.60	22724.27	21977.33
Segment Liabilities	6501.67	5860.02	5499.51	6599.69	545.93	477.21	1.85	1.85	4533.98	3853.07	17082.94	16791.84
Capital Expenditure	25.00	171.10	-	37.60		0.50	-	-	256.73	169.40	281.73	378.60
Depreciation	343.03	276.00	192.13	129.80	2.15	2.30	-	-	81.48	81.80	618.79	489.90
Non cash expenses other than Depreciation	-	-	-	-	-	-	-	-	-	-	-	-

## Batliboi Ltd.

### ii) Secondary Segment Reporting:

The geographic segments considered for disclosure are as follows:

Rs. Lacs

	2008-09			2007-08		
	Indian Operations	Foreign Operations	Total	Indian Operations	Foreign Operations	Total
(a) Revenue by Geographic Market	10885.02	15224.30	26109.31	13498.35	14620.84	28119.19
(b) Addition to Fixed Assets and Intangible Assets	1035.28	974.04	2009.32	382.35	2841.55	3223.90
(c) Carrying Amount of Segment Assets	14859.42	10405.96	25265.38	12664.14	9313.36	21977.50

### 5. Related Party Disclosures:

The subsidiaries have reported following transactions with related parties. The full disclosures in this regard are fairly reflected in the statement of related parties transactions annexed to Schedule 17-II (26) to the standalone financial statements of Batliboi Ltd. (parent).

Transactions & Outstanding Balances:

Rs. Lacs

	Entities#		Key Management Personnel & their Relatives	
	2008-09	2007-08	2008-09	2007-08
<b>I) Transactions</b>				
a) Purchase of goods/materials/services/fixed assets/ investments	141.37	665.20	-	-
b) Sale of goods/materials/services/fixed assets/ investments/recovery of expenses	300.54	605.80	543.50 *	-
c) Rent/License fee received	1.43	-	-	-
d) Loans & Advances in cash or kind received /(refunded) (Net)	3.36	(200.00)	-	-
e) Loans & Advances in cash or kind given/ (Net)	270.02	-	-	-
f) Balances written off/(written-back)	235.87	-	-	-
g) Gross Salary/Remuneration	-	-	120.88	148.20
Interest Paid.	-	11.40	-	1.40
Other (Receipts)/Payments	-	6.00	-	-
<b>II) Outstanding Balances i.r.o:</b>				
a) Loans and advances received	10.00	18.50	-	-
b) Loans and advances given	-	-	-	-
c) Other receivable (for goods, services & other items)	876.02	862.80	300.00 *	-
d) Other payables (for goods, services & other items)	44.84	325.50	-	-
e) Guarantee received from related parties	-	-	-	-

# Entities over which key management personnel are able to exercise significant influence.

\* The Company has sold one of its property to the Chairman & Managing Director for a total sum of Rs. 543.50 lakhs. An amount of Rs. 300 lakhs is yet to be received and is secured by a pledge of shares.

**6. Basic & Diluted Earnings per Share:**

Basic/diluted earnings per share has been calculated by dividing the net profit after taxation for the year as per the consolidated financial statements, which is attributable to equity shareholders, by weighted average number of equity shares outstanding during the year, as under:

		<b>Rs. Lacs</b>	
Workings of EPS		<b>2008-09</b>	<b>2007-08</b>
A.	Profit computation for both Basic and Diluted Earning Per Share of Rs.5/- each: Net Profit/(Loss) available for Equity Shareholders:	554.76	1487.60
B.	Weighted average number of Equity shares for computation of Basic & Diluted Earning per Share: Nos.	28682550	27002550
C.	Basic & Diluted Weighted Average Earning/(Loss) Per Share: Rs.	1.93	5.51

7. In the opinion of the management considering the recoverable amount of the assets of the company as on the balance sheet date no provision towards impairment loss is considered necessary.
8. The figures in respect of the previous financial year have been reclassified and regrouped wherever necessary. However, the figures of current year are not strictly comparable with the financial of previous year as figures of SPM Division have been included in current financial year in terms of scheme of amalgamation.

**SIGNATURES TO SCHEDULES 1 TO 17**

As per our report attached of even date

**For V.SANKAR AIYAR & CO.**

*Chartered Accountants*

**(G. SANKAR)**

*Partner*

For and on behalf of the Board of Directors

**NIRMAL BHOGILAL**

*Chairman & Managing Director*

**GEORGE VARGHESE**

*Executive Director*

**VINEET GOEL**

*Chief Financial Officer*

**B.B.VANWARI**

*Chief Corporate Counsel & Company Secretary*

Mumbai

Dated:8<sup>th</sup> May, 2009

Mumbai

Dated:8<sup>th</sup> May, 2009

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

Rs.Lacs

	Year Ended 31-Mar-09	Year Ended 31-Mar-08
<b>I. CASH FLOW ARISING FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit before Tax and Extraordinary items</b>	<b>887.17</b>	<b>2,416.29</b>
Add Back :		
a) Depreciation	607.93	489.93
b) Interest	654.55	395.30
c) Debit balances written off	422.29	-
d) Increase in foreign exchange loss	(710.25)	(9.27)
e) Prov. for Doubtful Debts/Other Advances	(31.49)	106.60
f) Leave Encashment Provision	(5.00)	
g) Provision for Gratuity	16.79	139.40
h) Fixed Assets transfer/adjustments	-	215.29
i) Minority Interest	7.84	38.06
	<u>962.65</u>	<u>1,375.31</u>
Deduct :		
a) Income from Investments (Dividend)	11.95	21.50
b) Surplus on Sale of Assets	542.20	9.20
c) Surplus on Sale of Investments	0.19	34.80
d) Unclaimed Credit balances appropriated	102.70	468.80
e) Transfer to General Reserve	-	14.34
f) Excess Provisions of earlier year written back	101.09	13.70
	<u>758.13</u>	<u>562.34</u>
<b>Operating Profit Before Working Capital Changes</b>	<b>1,091.69</b>	<b>3,229.26</b>
Deduct :		
a) Increase in Inventories	-	3,005.52
b) Increase in Trade Receivables & Advances	-	4,487.98
c) Decrease in Trade and other Payables	620.21	620.21
	<u>620.21</u>	<u>7,493.50</u>
Add :		
a) Decrease in Inventories	340.64	-
b) Decrease in Trade Receivables & Advances	353.93	-
c) Increase in Trade and other Payables	-	5,291.80
	<u>694.57</u>	<u>5,291.80</u>
	<u>694.57</u>	<u>5,291.80</u>
	<b>1,166.06</b>	<b>1,027.56</b>
<b>Income Taxes Paid</b>	<b>485.34</b>	<b>931.36</b>
<b>Net Cash Inflow / (Outflow) from Operations (A)</b>	<b>680.72</b>	<b>96.20</b>



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

Rs.Lacs

	Year Ended		Year Ended	
	31-Mar-09		31-Mar-08	
<b>II. CASH FLOW ARISING FROM INVESTING ACTIVITIES:</b>				
Inflow :				
a) Sale of Fixed Assets	242.20		9.20	
b) Income from investments (Dividend)	11.95		21.50	
c) Sale of Mutual Fund units (Liquid Fund)	-		901.85	
d) Sale/Redemption of other Investments	0.19	254.34		932.55
Deduct :				
Outflow :				
a) Acquisition of Fixed Assets(net)	1,100.38		3,223.94	
b) Increase in Investment	443.05		157.66	
c) Purchase of Shares	-			
d) Acquisition of Goodwill	-		1,169.70	
e) Overseas acquisitions	-	1,543.43		4,551.30
<b>Net Cash Inflow / (Outflow) in course of Investing Activities (B)</b>		<b>(1,289.09)</b>		<b>(3,618.75)</b>
<b>III. CASH FLOW ARISING FROM FINANCING ACTIVITIES:</b>				
Inflow :				
a) Increase in Term Loan	1,007.20		3,565.57	
b) Increase in unsec loan	136.12		-	
c) Increase in Working Capital Borrowings	454.93	1,598.25	1,434.73	5,000.30
Deduct :				
Outflow :				
(a) Foreign Exchange Loss				
(b) Net decrease in other Unsecured Loans			234.16	
(c) Dividend/Dividend tax paid	315.93		320.19	
(d) Redemption of Preference Share Capital	-		365.09	
(e) Net interest Paid	654.55	970.48	364.50	1,283.94
<b>Net Cash Inflow/(Outflow) in course of Financing Activities (C)</b>		<b>627.77</b>		<b>3,716.36</b>
<b>Net Increase/(Decrease) in cash/Cash Equivalents (A+B+C)</b>		<b>19.36</b>		<b>193.80</b>
Add - Balance at the beginning of the year		454.89		261.10
<b>Cash/Cash Equivalents at the close of the year</b>		<b>474.26</b>		<b>454.90</b>
<b>Net Increase/(Decrease) in Cash/Cash Equivalents</b>		<b>19.36</b>		<b>193.80</b>

As per our report attached of even date

For and On Behalf of the Board of Directors

For V.SANKAR AIYAR & CO.  
Chartered AccountantsNIRMAL BHOGILAL  
Chairman & Managing DirectorGEORGE VERGHESE  
Executive Director(G. SANKAR)  
PartnerB. B. VANWARI  
Chief Corporate Counsel &  
Company SecretaryVINEET GOEL  
Chief Financial OfficerMumbai  
Dated : 8th May, 2009Mumbai  
Dated : 8th May, 2009

## Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies

Rs. in Lakhs

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in Subsidiaries	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
1	Queen Project (Mauritius) Ltd.	MUR	1.51	2,242.56	(3.57)	2,366.12	127.12	-	-	2.19	-	2.19	-	Mauritius
2	Vanderma Holdings Ltd.	CAD	40.26	2.09	2,153.93	2,366.81	210.79	-	-	(8.84)	0.01	(8.85)	-	Cyprus
3	Pilatus View Holdings AG	CHF	44.52	1,607.96	41.34	1,655.20	5.90	-	-	59.16	0.22	58.94	-	Switzerland
4	Quickmill Inc.	CAD	40.26	1,240.91	1,507.93	4,354.34	1,605.50	-	6,957.80	1,395.90	407.59	988.31	90.08	Canada
5	Aesa Air Engineering S. A.	EUR	67.22	393.22	(359.17)	3,948.27	3,914.22	596.21	9,277.14	(49.99)	14.27	(64.27)	-	France
6	Aesa Air Engineering S.P.A.	EUR	67.22	168.04	182.20	675.95	325.71	-	401.09	45.79	4.67	41.12	-	Italy
7	Aesa Air Engineering Pte Limited	SGD	33.31	33.31	137.09	173.52	3.11	-	-	11.45	1.73	9.73	-	Singapore
8	Aesa Air Engineering Limited.	HKD	6.55	0.65	10.73	78.52	67.14	-	751.81	10.18	1.09	9.09	-	Hongkong
9	Aesa Air Engineering Limited. China	RMB	6.97	74.29	(40.06)	475.92	441.69	-	1,625.54	(8.93)	-	(8.93)	-	China
10	Aesa Air Engineering Private Limited	INR	1.00	20.00	21.06	192.53	151.46	-	385.05	(7.99)	3.97	(11.96)	-	India

# BATLIBOI LTD.

Registered Office : Bharat House, 5th Floor,  
104, B. S. Marg, Fort, Mumbai - 400 001.



## ADMISSION SLIP

(To be handed over at the entrance of the Meeting Hall)

Member Folio Number / Client ID	Name of the attending Member/Proxy (In Block Letters)	Number of Shares Held

I hereby record my presence at the 65th Annual General Meeting at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6<sup>th</sup> Floor, 12 K Dubash Marg, Fort, Mumbai 400 001 on Thursday, the 30th day of July, 2009 at 2.00 P.M.

.....  
Signature of Member / Proxy

# BATLIBOI LTD.

Registered Office : Bharat House, 5th Floor,  
104, B. S. Marg, Fort, Mumbai - 400 001.



## PROXY

I/We .....  
of ..... in the district of ..... being Member/  
Members of the abovenamed company hereby appoint Mr. ....  
.....  
of ..... in the district of .....  
or failing him, Mr. ....  
of ..... in the district of .....  
as my/our proxy to vote for me/us and on my/our behalf at the 65<sup>th</sup> Annual General Meeting at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6<sup>th</sup> Floor, 12 K Dubash Marg, Fort, Mumbai 400 001 on Thursday, the 30th day of July, 2009 at 2.00 P.M. and at any adjournment thereof.

Signed this ..... day of ..... 2009.

Folio No./Client ID..... Signature .....

One Rupee  
Revenue  
Stamp

Note : Proxy must reach the Company's Registered Office not less than 48 hours before the meeting.