NOTICE

64th ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Sixty – Fourth** Annual General Meeting of **BATLIBOI Limited**, will be held **on Thursday the 25th day of September, 2008 at 3.30 P.M**. at Walchand Hirachand Hall, 4th Floor, Indian Merchants Chambers, Churchgate, Mumbai 400 020 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2008, the Balance Sheet as at that date and the Report of the Auditors and Directors' thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. S.D.S. Mongia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Subodh Bhargava, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. E.A. Kshirsagar, who retires by rotation and being eligible, offers himself for reappointment.
6. To consider and if thought fit, to pass with or without any modification, the following 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 Udhna Factory in consultation with the Company's Auditors on such terms and conditions including the remuneration as the Board of Directors may deem fit."

NOTES:

1. **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**.
2. 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.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from **18th day of September, 2008 to 25th day of September, 2008** (both days inclusive.)
4. Payment of dividend as recommended by the Directors, if approved at the Meeting, will be made to those Members whose names appear on the Company's Register of Members on **17th September, 2008.** The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares, whose names appear in the list furnished by the Depositories for this purpose as at the close of the business hours on **17th September, 2008**. The dividend will be paid on and from **10th October, 2008**. Transfer Documents received on or after **18th September, 2008** will not be considered for the aforesaid purposes
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. The bank Account details given by members in case of demat holding to their Depository Participants (DPs) and passed on to the Company by such DPs would be printed on the dividend warrants or paid through Electronic Clearing Service (ECS) of the concerned members. However any member(s) wants to receive dividend in any other bank account he /she should change / correct the bank account details with their concerned DPs. The Company would not entertain any such request from shareholders directly for deletion / change in the bank account details.
7. Members are hereby informed that 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 date of transfer to the Fund
19th July, 2006	2005-2006	August 2013
28th July, 2007	2006-2007	August 2014

   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.

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

By Order of the Board of Directors

B. B. VANWARI

Chief Corporate Counsel

& Company Secretary

Mumbai

7th May, 2008

Registered Office

Bharat House, 5th floor,

104, Bombay Samachar Marg,

Fort, Mumbai – 400 001.

DIRECTORS' REPORT

The Members,

Your Directors submit their 64th Annual Report together with the Audited Accounts for the year ended 31st March 2008.

1.FINANCIAL RESULTS

(Rs. in million)

	For the Year Ended		
	31st March,08 CONSOLIDATED	31st March,08 STAND ALONE	31st March,07 STANDALONE
Gross Turnover (Including Indirect Sales)	***4383.31***	***2942.64***	***3064.94***
Net Sales	2736.86	1296.12	1280.70
Other Income	87.92	62.60	44.09
TOTAL INCOME	**2824.78**	**1358.72**	**1324.79**
Profit before Interest, Depreciation & Tax (PBIDT)	**330.15**	**210.00**	**227.15**
Less: Interest	39.53	29.95	9.90
Less: Depreciation	49.00	18.45	18.43
PROFIT BEFORE TAX (PBT)	**241.62**	**161.60**	**198.82**
Fringe Benefit Tax	3.73	3.73	3.80
Provision for Taxation: Current Tax	88.67	55.11	57.26
Deferred Tax	2.05	2.05	5.57
PROFIT AFTER TAX (PAT)	**147.17**	**100.71**	**132.19**
Less: Minority Interest	**(1.58)**	**0**	**0**
PROFIT AFTER MINORITY INTEREST	**148.75**	**100.71**	**132.19**
Add : Balance as per last Balance sheet	143.26	143.26	68.30
Available Surplus/(Deficit)	**292.01**	**243.97**	**200.49**
APPROPRIATIONS			
Proposed Dividend			
- On Preference Shares	0.00	0.00	0.37
- On Equity Shares	27.00	27.00	27.00
Dividend Distribution Tax	4.59	4.59	4.65
Transfer to Capital Redemption Reserve	36.51	36.51	15.21
Transfer to General Reserve	10.00	10.00	10.00
Balance Carried to Balance Sheet	213.91	165.87	143.26
	292.01	**243.97**	**200.49**

2. PERFORMANCE & PROSPECTS

The Indian Economy is expected to grow by around 8.7% during the year under review which is slightly below the projected levels of 9%. The moderation in the momentum of growth is primarily because of sharp appreciation in the rupee and the US economy on the verge of recession. The textile industry visibly slowed down due to decline in the growth of exports arising from sharp appreciation in the rupee vis-à-vis the dollar combined with ever increasing cotton prices. Your Company's performance is also affected due to slowdown in Textile sector.

The stand alone performance of your Company had been affected in as much as the turnover of your Company has gone up marginally from Rs 1325 million to Rs. 1359 million. The PBT of the Company has gone down from Rs. 199 million to 162 million during the previous year.

However, your Company's strategy of inorganic growth has proved fruitful and after considering the results of two acquisitions of the last year, the consolidated performance of your Company has improved with its turnover growing by 113% from Rs. 1325 million to Rs. 2825 million and PBT growing by 22% from Rs.199 million to Rs.242 million.

The Year 2008-09 will be a challenging year for your Company considering both the uncertainty of the textile industry and the world economy in general. Your Company is confident of meeting those challenges.

3. AMALGAMATION

The process of amalgamation of Batliboi SPM Pvt. Ltd (SPM) with the Company is underway. The Amalgamation Petitions before the High Courts of Mumbai and Karnataka are expected for hearing shortly. The process is expected to be completed by August/September, 2008.

The above amalgamation would 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. REDEMPTION OF PREFERENCE SHARES

6,08,480, 1% Non Cumulative Preference Shares of Rs. 100 each issued to UTI have been fully redeemed during the year by payment of the last and final installment of Rs. 60/- per share.

5. DIVIDEND

Your Directors recommend Dividend on Equity Shares @ 20 % (i.e. Rs. 1/- per Share) aggregating to Rs. 27 Million. The total cash outgo on Equity Shares including the Dividend Distribution Tax will be Rs. 31.59 Million.

6. TRANSFER TO RESERVES

The Company proposes to transfer Rs 10 Million to General Reserves and Rs 36.51 Million to Capital Redemption Reserve out of the amount available for appropriations. An amount of Rs 165.88 Million is proposed to be retained in the Profit and Loss Account.

7. SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

The Company has been granted exemption for the year ended March 31, 2008 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, 2008 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.

8. FIXED DEPOSITS

Deposits aggregating Rs. 75000/- which fell due for payment on or before 31st March, 2008 were standing unclaimed as on that date.

9. CORPORATE GOVERNANCE

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

10. DIRECTORS

Mr. S. D. S. Mongia, Mr. Subodh Bhargava and Mr. E. A .Kshirsagar retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Your Directors recommend their re-appointment.

Mr. Krushan Lal Swami ceased to be a Director w.e.f. 31st May, 2008.

Your Directors place on record their appreciation of the services rendered by Mr. Swami during his tenure.

11. 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 reappointment.

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

12. AUDITORS' REPORT

The Auditors' Report to the members on the Company's Annual Accounts for the year ended 31st March 2008 is prefixed thereto.

13. 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.

14. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

During the year ended 31st March 2008, Foreign Exchange Earnings were Rs 85.36 million (Previous Year Rs. 83.89 million) and the Foreign Exchange Outgo was Rs. 22.51 million (Previous Year Rs. 38.42 million). For further details, Note Nos. 16 & 17 to the Accounts may be referred to.

15. CONSERVATION OF ENERGY

A 1.25 MW Windmill was commissioned on 26th 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.5.97 million and also helped the Company gain self-sufficiency in its electricity requirement.

16. 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.

17. 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.

18. 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

MUMBAI
Dated: 7th May, 2008 ,

Nirmal Bhogilal
Chairman & Managing Director

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 31.03.2008.

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	58	Chairman & Managing Director	7,019,736	B. Sc. (Engg), Chemical Engg (London University), A.C.G.I.	35	06.09.1973	Nil
Mr. George Verghese	58	Executive Director & CEO -Textile Air Engineering Group	3,924,636	B. E. (Tech)	36	31.07.1974	Voltas Ltd. (2 years)
Mr. Krushan Lal Swami	49	Executive Director & Group CFO	2,838,828	B.Com, LL.B., PGDBM, ACS, CAIIB, AICWA, AMP (ISB)	29	15.06.2000	Amforge Industries Ltd. (4 Years)
Mr. Edwyn Rodrigues	53	CEO - Textile Machinery Group	3,016,449	I.I.T., B. Tech. DMS	30	01.10.2006	Batliboi International Ltd. (6 Years)
Mr. C.K. Singh *	53	Chief Human Resources Officer	2,533,884	B.Sc., PGDPMIR, LLB	26	14.06.1995	Videocon International Ltd. (3 Years)
Mr. V. Sridhar *	57	CEO - Environmental Engineering Group	2,383,625	B. Tech (Chemical), M. Tech	30	06.01.2003	Ultrametics Engineers Ltd. (9 Years)

* Part of the year

Notes:

1. Remuneration includes Salary, Allowances Company's contribution to PF & Super Annuation funds, reimbursement of medical exp and monetary value of perquisites evaluated in accordance with the Income Tax Rules.
2. All appointments are contractual and are subject to the rules and regulations of the Company in force from time to time.

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

R&D carried out to develop the following new machines:

a) Low cost Turning Centre

b) Drilling machine with Digital read out

c) Moving column radial drilling machine

d) 50 mm radial Drilling machine

e) VMC's with improved aesthetics and new guarding and higher specifications

AIR-CONDITIONING & REFRIGERATION

The Division continued its focus on developing new products i.e. – the 5TR hideaway unit; 60TR air cooled chiller packages and 40TR condensing units with scroll compressors were developed during the year.

TEXTILE AIR ENGINEERING

Change in design of bag type dust collector, cyclone type of dust collector, stripper fan and compactors.

II. Benefits derived as a result of above R &D.

- Cost reduction
- Saving in power consumption
- Improvement in quality
- Reduction in installation time
- Easy maintenance

III. Development Plans

MACHINE TOOLS

To launch one new CNC machine in 2008-09 and new radial drilling machine of 50 mm capacity.

TEXTILE AIR ENGINEERING

- Bigger capacity Compactors, Rotary Screen Filters, Inertial Fibre separator used in Fibre / Waste Collection System.
- Prefabricated chambers for waste recovery system.

IV. EXPENDITURE ON R & D

(Rs. In million)

Capital Expenditure 0 .80

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 is Ten as on 31st March, 2008, whose composition and category is given below:

COMPOSITION AND CATEGORY

One - Promoter, Executive Director

Two - Non Promoter, Executive Directors

Six - Non Promoter, Independent, Non Executive Directors

One - Independent, Non- Executive nominee Director representing Unit Trust of India

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 Director	2	1	-
Mr. S. D. S. Mongia	Independent, Non – Executive Director	1	1	1
Mr. V. R. Kirloskar	Independent, Non- Executive Director	7	2	-
Mr. E. A. Kshirsagar	Independent, Non- Executive Director	4	4	3
Mr. Subodh Bhargava	Independent, Non- Executive Director	11	5	4
Mr. Ameet Hariani	Independent, Non- Executive Director	4	1	1
Mr. Ulrich H Duden #	Independent, Non- Executive Director	-	-	-
Mr. S. Ravi	Nominee Director	10	3	3
Mr. George Verghese	Non-Promoter, Executive Director	-	-	-
Mr. Krushan Lal Swami*	Non- Promoter, Executive Director	2	1	-

Appointed as Director w.e.f. 28.07.2007
* ceased to be Director w.e.f. 31.05.2008

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

During the year ended 31st March, 2008, six Board Meetings were held on 21st April, 2007, 20th June, 2007, 28th July, 2007, 18th October, 2007, 4th January, 2008 and 31st January, 2008.

Name of Director	No. of Board Meetings attended	Attendance at the last AGM held on 28th July, 2007
Mr. Nirmal Bhogilal	6	Present
Mr. S. D. S. Mongia	2	Present
Mr. V. R. Kirloskar	4	Present
Mr. E. A. Kshirsagar	5	Present
Mr. Subodh Bhargava	4	Present
Mr. Ameet Hariani	6	Present
Mr. Ulrich H Duden #	3	Present as invitee
Mr. S. Ravi	Nil	Absent
Mr. George Verghese	5	Present
Mr. Krushan Lal Swami	6	Present

Appointed as Director w.e.f. 28.07.2007

3. AUDIT COMMITTEE:

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

BROAD TERMS OF REFERENCE

The Audit Committee shall have powers which include the following:

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 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.

Meeting and Attendance :

During the year ended 31st March, 2008 four Audit Committee Meetings were held on 21st April, 2007, 28th July, 2007, 18th October, 2007, and 31st January, 2008.

Name of Director		No. of Meetings attended
Mr. S. D. S. Mongia	:	2
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 of four 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. S. Ravi - Independent &Non- Executive Director (Nominee of UTI)
4. Mr. Subodh Bhargava - Independent & Non- Executive Director

MEETINGS AND ATTENDANCE

The Committee met once on 24th May, 2007 during the Financial Year ended 31st March, 2008

Name of Director		No. of Meetings attended
Mr. E. A. Kshirsagar	:	1
Mr. S. D .S. Mongia	:	Nil
Mr. Subodh Bhargava	:	1
Mr. S. Ravi	:	Nil

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.

A Selection Committee comprising two Independent Non Executive Directors Mr. E.A . Kshirsagar and Mr. Ameet Hariani and one other member Mr. P.K. Nair having expertise in Human Resource and Organisation Development was formed to comply with the Rules under Section 314 of the Companies Act, 1956. One meeting of the said selection committee was held on 12th April, 2007 and a sitting fees of Rs. 5000/- was paid to each member of the committee for the same.

The shareholders have at the last Annual General Meeting of the Company 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 will be 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. S.D.S. 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 31st MARCH, 2008

(Figures in Rs.)

Name of the Director	Salary	Benefits	Commission ###	Sitting Fees	Total	Service contract/ Notice period/ Severance fees
Mr. Nirmal Bhogilal	3096000	3923736	—	—	7019736	Five years Contract and Notice Period six months
Mr. S. D. S. Mongia	—	—	70000	50000	120000	Retirement by rotation
Mr. V. R. Kirloskar	—	—	50000	60000	110000	— do —
Mr. E. A. Kshirsagar	—	—	160000	130000	290000	— do —
Mr. Subodh Bhargava	—	—	140000	110000	250000	— do —
Mr. Ameet Hariani	—	—	150000	190000	340000	— do —
Mr. Ulrich H Duden	—	—	30000	45000	75000	— do —
Mr. S. Ravi	—	—	—	—	—	Nominee Director of UTI
Mr. G. Verghese @	1730400	2194236	—	—	3924636	Three years Contract and Notice Period six months
Mr. Krushan Lal Swami *	1380000	1458828	—	—	2838828	Five years Contract and Notice Period six months

@ The Salary of Mr. George Verghese includes Rs. 10,10,000/-, paid as One Time Performance Bonus based on the performance of Textile Engineering Business Group

* The Salary of Mr. K. L. Swami includes Rs. 2,50,000/-, paid as One Time Performance Bonus based on the performance of Corporate Finance.

The Commission for the year ended 31st March, 2008 will be paid to the Independent Directors subject to deduction of tax after adoption of accounts by the shareholders at the Annual General Meeting to be held on 25st September, 2008.

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

1. Mr. S. D. S. Mongia, (76) joined the Board of Directors of the Company on 27th June, 1989 as Non-Executive Director and possesses wide and varied experience in the field of Automobile Engineering and Corporate Management.
2. Mr. Subodh Bhargava (66) is a graduate from IIT, Roorkee. He started his career in Balmer Lawrie & Co., Calcutta, India in 1962 as Production Engineer. In 1975, he joined the Eicher Group of Companies in Delhi as General Manager and retired 31st March, 2000 as the Group Chairman and Chief Executive. He was the Past President of CII.. He is Director/ Member of the following Companies/Committees:

Name of the Company	Chariman / Director	Committees of the Board	Chairman /Member
Wartsila India Limited	Chairman	Audit	Member
		Investors' Grievances Committee	Member
Tata Communications Limited	Chairman	Audit	Member
Tata Steel Limited	Director	Audit	Member
Samtel Color Limited	Director	Audit	Chairman
Rane Engine Valves Limited	Director	Audit	Chairman
TRF Limited	Director	Audit	Member
Carborundum Universal Limited	Director	Audit	Chairman
GlaxoSmithkline Consumer Healthcare Limited	Director	Audit	Chairman
SRF Limited	Director	Audit	Member
Power Finance Corporation Limited	Director	-	-
Larsen & Toubro Limited	Director	-	-

3. Mr. E. A. Kshirsagar (66) is FCA(England & Wales), FCA (India) and B.Sc. (Bombay). He was in Management Consultancy Division of A.F. Ferguson from 1973 and Director-in-charge from 1988 to 31st March, 2004. He specialises in the Corporate Strategy & Structure, Valuation, Feasibility Studies, and Disinvestment & Government/Legislation Impact on Businesses. He is Director/ Member of the following Companies/Committees:

Name of the Company	Chariman / Director	Committees of the Board	Chairman /Member
JM Financial Limited	Director	Audit	Chairman
HCL Infosystems Limited	Director	Audit	Member
		Shareholders/Investors Grievance Committee	Member
Rallis India Limited	Director	Audit	Chairman
		Shareholders Grievance Committee	Chairman
Merck Limited	Director	Audit	Member

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 31st March, 2008 six Investors' / Shareholders' Grievance and Share Transfer Committee Meetings were held on 21st April, 2007, 16th June, 2007, 28th July, 2007, 12th September, 2007, 9th October, 2007, 16th January, 2008.

Name of Director		No. of Meetings attended
Mr. Ameet Hariani	:	6
Mr. Nirmal Bhogilal	:	5
Mr. Krishan.Lal Swami	:	6

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 were no complaints pending at the beginning of the year, the Company received 48 Complaints during the year and resolved all 48 Complaints during the year under review. There were no outstanding complaints as on 31st March, 2008.

6 **GENERAL BODY MEETINGS:**

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

Financial Year	Date	Location of the Meeting	Time
2004-2005	27-07-2005	Walchand Hirachand Hall, Indian Merchant Chambers, Churchgate Mumbai 400020	3.30 P.M
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

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:**

a. 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, 2008.

b. 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.

c. 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 Senior Directors / Personnel.

d. The Company has also complied with the non- mandatory requirement of adoption of Whistle Blower Policy for its employees

e. 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:**

i) Half yearly / Quarterly report is 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.

ii) The financial results of the Company are posted on the Company's website (www.batliboi.com) and are published in the newspapers viz. Free Press Journal, Nav Shakti, The Hindu - Business Line, The Economic Times

iii) The Management Discussion and analysis (MD&A) is a part of Annual Report.

9. **GENERAL SHAREHOLDER INFORMATION**:

Registered Office	:	Bharat House, 5th Floor 104, Bombay Samachar Marg, Mumbai 400001.
Annual General Meeting	:	Date and Time : 25th September, 2008 at 3.30 P.M. Venue: Walchand Hirachand Hall, Indian Merchant Chambers, Churchgate Mumbai 400020

Financial Period	:	12 months ended 31st March 2008
Date of Book Closure	:	18th September, 2008 to 25th September, 2008 (both days inclusive)
Dividend Payment date	:	10th October, 2008
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
Market Price Data	:	During the year ended 31st March 2008, 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	:	Face value of Equity Shares was reduced from Rs. 10/- to Rs. 5/- each w.e.f. 12th September, 2007

BSE

	Rate (Rs.)	
Month	Highest	Lowest
April 2007	113.90	91.55
May 2007	117.40	99.60
June 2007	142.80	100.50
July 2007	170.85	132.20
August 2007	178.90	134.50
September 2007	192.90	93.00
October 2007	116.90	75.05
November 2007	102.70	80.50
December 2007	100.00	75.60
January 2008	140.00	75.00
February 2008	94.90	71.00
March 2008	72.90	39.10

NSE

	Rate (Rs.)	
Month	Highest	Lowest
April, 2007	113.00	90.25
May, 2007	126.30	100.00
June, 2007	143.00	98.75
July, 2007	171.00	133.00
August, 2007	180.00	134.00
September, 2007	199.00	93.30
October, 2007	111.00	78.10
November, 2007	112.60	74.00
December 2007	98.90	81.20
January 2008	141.00	74.00
February 2008	95.00	70.10
March 2008	71.95	38.90

Distribution of Shareholding as on March 31, 2008:

Number of share From	To	Total Holders	% of Total Holders	Total Holdings	% of Total Capital
0	500	11371	92.92	1628935	6.03
501	1000	503	4.11	401817	1.49
1001	2000	187	1.53	303027	1.12
2001	3000	47	0.38	119129	0.44
3001	4000	40	0.33	141623	0.52
4001	5000	28	0.23	133404	0.49
5001	10000	24	0.20	165961	0.61
10001	& above	37	0.30	24108654	89.28
	TOTAL	12237	100	27002550	100

Share Holding Pattern as on 31st March, 2008

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares As a percentage of(A+B)
(A).	**Shareholding of Promoter and Promoter Group[2]**				
1	**Indian**				
(a)	Individuals/ Hindu Undivided Family	11	20104690	19893690	74.45
(b)	Bodies Corporate	3	1459000	0	5.40
	Sub Total(A)(1)	**14**	**21563690**	**19893690**	**79.85**
2	**Foreign**				
(a)	Individuals(Non-Residents Individuals/ Foreign Individuals)	1	199800	199800	0.74
	Sub Total(A)(2)	**1**	**199800**	**199800**	**0.74**
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**15**	**21763490**	**20093490**	**80.59**
(B)	**Public shareholding**				
1	**Institutions**				
(a)	Mutual Funds/ UTI	3	483,983	483,633	1.79
(b)	Financial Institutions / Banks	5	900	100	0.00
(c)	Insurance Companies	1	600	600	0.00
	Sub-Total (B)(1)	**9**	**485483**	**484333**	**1.80**
B 2	**Non-institutions**				
(a)	Bodies Corporate	401	1015912	984722	3.76
(b)	Individuals				
I	i) Individual shareholders holding nominal share capital up to Rs 1 lakh	11726	2609274	1895120	9.66
I	ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	4	189937	189937	0.70
(c)	Any Other				
	(i) Non Residents	82	91484	89784	0.34
	(ii) Foreign Bodies Corporate	1	846970	0	3.14
	Sub-Total (B)(2)	**12214**	**4753577**	**3159563**	**17.60**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**12223**	**5239060**	**3643896**	**19.41**
	GRAND TOTAL (A)+(B)	**12238**	**27002550**	**23737386**	**100.00**

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 31.3.2008	
	No. of Shares	**%**
Demat	2,37,37,386	87.91
Physical	32,65,164	12.09
	2,70,02,550	100.00

Outstanding GDR/ ADR	:	Not applicable
Plant Location	:	P. O. Fateh Nagar, Surat Navsari Road, Udhna 394 220.
Address for Correspondence	:	Bharat House, 5th Floor 104, Mumbai Samachar Marg Fort, Mumbai 400001
Email ID	:	legal@batliboi.com
Telephone	:	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**

Sd/-

NIRMAL BHOGILAL

CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai
Dated : 7th May, 2008

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 2008 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 and on behalf of
V. Sankar Aiyar & Co.

S. VENKATRAMAN
Partner

Place : Mumbai
Dated : 7th May, 2008

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The management of Batliboi Ltd. presents the analysis of Segment wise performance of your Company for the Year 2007-08 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 Indian economy and abroad.

(I) BATLIBOI MACHINE TOOL GROUP (BMTG)

An Overview

The Company's Machine Tool Group manufactures and trades various types of machine tools.

a) Manufacturing:

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

The manufacturing set-up is backed up by a very good foundry supplying the basic raw material to the in-house machine shop with 102 machines turning out parts for the manufacture of machine tools.

b) Trading :

Some of the leading machine tool brands in the world are represented in India.

Business Environment and the Groups' performance

As per available data from Indian Machine Tool Manufacturers Association (IMTMA), the machine tool business has been almost flat this year. Despite this, the Machine Tool division of your company has grown 20% over the last year in both order booking and sales. The major highlight has been its bottom-line which grew by over 100%.

This was made possible by:

a) Process improvements to cut down cycle time, costs and inventory.

b) Improved product quality and reliability.

c) Faster delivery and a dealer/distribution network.

Opportunities and threats

A fast growing power and infrastructure market will be the key to your company's growth in the coming year. The conventional machines manufactured by your company and imported products traded by your company are well positioned to cater to the specific needs of the sectors.

New products have been launched by your company to cater to the sectors requirements.

Chinese competition is being fought by introducing in May, 2008 a new low cost machine with 50mm drilling capacity.

In the CNC machines, a two pronged action plan is under implementation. On the one side, new low cost CNC solutions are being offered for the small/medium scale industry. And on the other side, higher specification machines with better features are being offered to meet the high end customer requirements.

On the trading front, your Company is continuously adding new products and manufacturers in their portfolio. And in order to retain the existing Principals, co-operation to add local value to their products sold in India is also being discussed.

Prospects

With the expected growth in the economy, your Company is confident of achieving a reasonable growth over this years' performance.

With new products being added into its manufacturing range, the earlier unexplored markets can now be addressed. With an extensive dealer network being put in place, the markets earlier inaccessible will be accessible.

New co-operation agreements with overseas suppliers for local value addition will not only make your company more competitive locally, but will also add to your company's revenues.

To match the expected growth in order booking by the above mentioned initiatives, the factory is being geared up. Manufacturing and foundry productivity improvements by de-bottlenecking and strategic outsourcing are under implementation. TPM implementation in consultation with CII is being planned to be undertaken.

(II) <u>BATLIBOI TEXTILE ENGINEERING BUSINESS</u>

<u>An Overview</u>

The Textile Engineering business of the company is amongst the leaders in the textile industry for its equipment & designs which have kept pace with current levels of technology. Its long association with the industry, its impressive reference list of industry majors and its extensive service network are its forte. It supplies machinery to spinning, weaving, knitting, processing and garmenting sectors.

<u>Business Environment:</u>

The beginning of the Calander year saw the fortunes of the textile industry decline. This was primarily on account of the rapid rise of the rupee against the dollar, which made exports of textiles and garments non-remunerative almost overnight. Exporters shied away from exports, causing a sudden over-capacity. This was compounded by the rise in prices of cotton, despite a good crop. Most plans for immediate and future investment were put on hold as mills began making cash losses.

The TUF which was supposed to be extended into the 11^{th} Plan was not implemented on account of lack of clarity at the Government level. This was cleared only by end October, by which time the industry was reeling under high input prices and low demand.

The Government did intervene to give some sops in DEPB rates and interest rates for export packing, but these made only a small difference. The end of the year saw some improvements in certain sectors primarily that of processing and garments. It is believed that this difficult situation will continue for another six months before things begin to look up.

An independent market survey commissioned by your Company to provide a long-term outlook of the industry was completed by the end of the year. This report predicts a long term healthy growth for the industry, primarily on the back of a strong domestic consumption and a reasonable growth in exports. India’s inherent strength in the textile field will see it gaining strength and becoming a stronger player in the medium to long term.

<u>Performance of the Group</u>

A. BATLIBOI TEXTILE MACHINERY GROUP

Though the spinning industry by and large performed poorly during the year, the open end spinning business of this group improved on its budgeted figures, on the strength of a strong order booking during the first half. The business showed an increase in overall gross margins despite the service and spares business being taken over by the principals.

The Knitting and Garment Machinery business however showed an alarming decline during the year, despite several large orders which were finalized and subsequently put on hold. These industries primarily rely on exports for a great majority of their business and this was badly affected by the strong rupee and lower overseas demands. The scenario at the beginning of this year is better than last quarter in terms of order booking and the current year should see these businesses perform to the level of 2006-07. The Processing industry showed a growth though small, but the new product agencies added have been established and enable a growth in the current year.

<u>Opportunities :</u>

a. Slowdown in Chinese textile industry will give an opportunity to Indian exporters to expand their export markets.

b. A large gap in the capacity in textile processing still remains to be filled and new agencies promise to capture a share.

c. Large international players are entering the Indian markets - mainly knit garment producers. Demand therefore will be for higher number of machines by individual players and a higher demand for better quality machines.

<u>Threats :</u>

a. Slowdown in international markets, with the U.S. bordering on recession. India’s major exports are to the U.S. market.

b. Spinning industry shows no sign of revival and this slump can be for an extended period. Machinery sales are predominantly in the Euro currency, which continues to remain very strong against the U.S. dollar. (1 Euro=1.58 USD from 1.35 six months ago). Most of our competition is dollar denominated sales.

c. Euro expected to remain strong at least for the rest of the next year.

B. BATLIBOI TEXTILE AIR ENGINEERING BUSINESS GROUP (BTAEG)

<u>Performance</u>

Due to the recession in the textile industry, there is substantial reduction in the investment in Greenfield projects, expansion and modernization which has slackened our booking growth. As also there was delay in taking delivery of equipments by the industry resulting in slight drop in the revenue. However, the pending order position for execution during 2008-09 is comfortable at 410 million. The group continues to maintain its market share and retain its position as the leader in Textile Air Engineering business.

<u>Opportunities & Threats</u>

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 threat from international players as well as Tier II domestic suppliers is highlighted due to shrinking market.

PROSPECTS

Inspite of the slowdown in the textile industry and its impact on your Company's business in the short run, the long term prospects of the textile industry continues to be encouraging with expected healthy growth rates primarily on the back of domestic demand and reasonable export growth.

(III) BATLIBOI AIRCONDITIONING & REFRIGERATION GROUP (BACRG)

An Overview

The Air conditioning and Refrigeration Group provides turnkey solutions to a large variety of industries viz. manufacturing, service and hospitality.

Business Environment

The growth rate of this industry has been approximately 25% and is expected to grow in the similar manner over the next few years. The overall bullishness in the infrastructure and retailing industries has increased the total demand for air conditioning.

Performance of the Division

The Division has still not been able to turn around, though top line has been sustained. The Division continued its focus on developing new products i.e. – the 5TR hideaway unit; 60TR air cooled chiller packages and 40TR condensing units with scroll compressors were developed during the year.

Opportunities & Threats

Whilst the opportunities of growth are substantial the threats are there from the larger players who have developed strategies to protect their market share from smaller players. Multinationals have become more aggressive, mainly impacting smaller players. A major threat is virtual open door policy of big players to attract new recruits, making it difficult for your Company to retain quality manpower, and putting pressure on costs.

Prospects

The division is positioning itself for a turnaround in 2008-2009 and return to profitability.

HUMAN RESOURCES

The total number of employees was 646 on March 31, 2008.

Technical training for manufacturing personnel were conducted at Udhana. Topics like 5-S, TPM, & QC tools were covered during the sessions. The other focus of training during the period 2007-2008 was for the Sales & Service teams. Programmes like "Excellence in Customer Care" were arranged for the Service teams at Mumbai, Delhi & Coimbatore. Sessions on "Achieving professional excellence" was arranged for the Sales team at Mumbai & Delhi. All the service & sales employees across the Business groups were covered in the program. The 1st Batch of customized "Effective Management Development" programme was also arranged for the senior level employees. Eleven senior level employees were covered in the session.

Like last year we had undertaken focused and detailed productivity improvement initiatives in machine tool manufacturing. Market report suggests that there has been exponential growth in salaries in engineering & manufacturing industry. Your Company commissioned a compensation survey through Omam Consultants & efforts are on to align and be closer to market benchmarks. The same exercise will continue this year.This will help your Company meet the challenge of talent attraction and retention.

During the year under review industrial relations in the factory were cordial and pro- active and all employees and the union supported productivity measures undertaken at factory.

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 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 31st March, 2008 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.

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 31st March, 2008 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 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 31st March, 2008.

(b) in the case of the profit and loss account, of the profit 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

(S.Venkatraman)

Partner

Place: Mumbai

Date: 7th May, 2008

Annexure referred to in our report to the Members of Batliboi Ltd. for the year ended 31st March, 2008

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 Udhana 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.

   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 loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 25.3 Million and the year end balance aggregates Rs. 1.85 Million.

   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,2008, 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. Million)
Sales Tax Appellate / Revisional Authority-up to Commissioner Level	7.03
Sales Tax Appellate Authority-Tribunal	6.69
Central Excise Appellate Tribunal	0.12

11. The Company does not have accumulated losses as at 31st March, 2008. The Company has not incurred cash loss during the current financial year and 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, 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, 2008, 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

(S.Venkatraman)

Partner

Place: Mumbai

Date: 7th May, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

Rs. in Million

		Schedule	As at 31-Mar-08	As at 31-Mar-07
I	**SOURCES OF FUNDS**			
	1. Shareholders' Funds:			
	(a) Share Capital	1	135.01	171.52
	(b) Reserves and Surplus	2	336.42	268.72
			471.43	**440.24**
	2. Loan Funds :			
	(a) Secured Loans	3	442.66	70.61
	(b) Unsecured Loans	4	1.85	25.30
			444.51	**95.91**
	3. Deferred Tax Liabilities (Net)		**19.22**	**17.91**
			935.16	**554.06**
II	**APPLICATION OF FUNDS**			
	4. Fixed Assets	5		
	(a) Gross Block		1,011.45	996.71
	(b) Less: Depreciation/Amortisation to date		556.21	545.60
	(c) Net Block		**455.24**	**451.11**
	(d) Capital Work-in-Progress (Including Capital Advances)		16.58	2.25
	5. Investments	6	**273.67**	**105.96**
	6. Current Assets, Loans and Advances			
	(a) Inventories	7	258.85	234.81
	(b) Sundry Debtors	8	260.17	205.70
	(c) Cash and Bank Balances	9	22.74	26.11
	(d) Loans and Advances	10	140.50	115.84
			682.26	**582.46**
	Less: Current Liabilities and Provisions	11		
	(a) Current Liabilities		406.37	505.17
	(b) Provisions		86.22	82.55
			492.59	**587.72**
	Net Current Assets		**189.67**	**(5.26)**
			935.16	**554.06**
	Significant Accounting Policies & Notes to the Accounts	17		

As per our report attached of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants

S. VENKATRAMAN
Partner

Mumbai
Dated : 7th May, 2008

For and On Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

KRUSHAN LAL SWAMI
Executive Director & Group CFO

B. B. VANWARI
Chief Corporate Counsel & Company Secretary
Mumbai
Dated : 7th May, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

Rs. in Million

	SCHEDULE	Year Ended 31-Mar-08	Year Ended 31-Mar-07
INCOME :			
1. Gross Turnover	12	1,443.30	1,421.97
Less: Excise Duty		147.18	141.27
Net Sales		**1,296.12**	**1,280.70**
2. Other Income	13	62.60	44.09
TOTAL INCOME		**1,358.72**	**1,324.79**
EXPENDITURE :			
3. Cost of Sales, Job Contracts and Services	14	709.73	731.38
4. Employees' Remuneration	15	207.94	183.30
5. Other Expenses	16	231.05	182.96
6. Interest		29.95	9.90
7. Depreciation/Amortisation		18.45	18.43
TOTAL EXPENDITURE		**1,197.12**	**1,125.97**
8. Profit before Tax		**161.60**	**198.82**
9. Provision for Taxation			
For Current Tax		55.11	57.26
For Deferred Tax (Net)		2.05	5.57
For Fringe Benefit Tax		3.73	3.80
10. Profit after Tax for the year		**100.71**	**132.19**
11. Add : Balance as per last Balance Sheet		143.26	68.30
Profit available for appropriation		**243.97**	**200.49**
APPROPRIATIONS			
12. Proposed Dividend			
- On Preference Shares		-	0.37
- On Equity Shares		27.00	27.00
13. Dividend Distribution Tax		4.59	4.65
14. Transfer to Capital Redemption Reserve		36.51	15.21
15. Transfer to General Reserve		10.00	10.00
16. Balance carried to Balance Sheet		165.87	143.26
		243.97	**200.49**
17. Earnings per Share (Basic & Diluted)			
(Face Value of Rs.5/- per Share)		3.73	4.88
(Refer Note No. 28 of Schedule 17 (II) of Notes of Accounts)			
Significant Accounting Policies & Notes to the Accounts	17		

As per our report attached of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants

S. VENKATRAMAN
Partner

Mumbai
Dated : 7th May, 2008

For and On Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

KRUSHAN LAL SWAMI
Executive Director & Group CFO

B. B. VANWARI
Chief Corporate Counsel & Company Secretary
Mumbai
Dated : 7th May, 2008

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

Rs. in Million

		As at 31-Mar-08	As at 31-Mar-07
SCHEDULE 1 : SHARE CAPITAL			
AUTHORISED			
27,020,000	(P.Y. 13,510,000) Equity Shares of Rs.5/- (P.Y. Rs.10/-) each	135.10	135.10
1,650,000	(P.Y. 1,650,000) Preference Shares of Rs. 100/- each	165.00	165.00
		300.10	**300.10**
ISSUED,SUBSCRIBED AND PAID-UP			
27,002,550	(P.Y. 13,501,275) Equity Shares of Rs.5/- (P.Y. Rs.10/-) each fully paid	135.01	135.01
608,480	(P.Y. 608,480) 7 Years, 1% Non Cummulative Redeemable Preference Shares of Rs.100/- each fully paid, and fully redeemed	-	36.51
		135.01	**171.52**

Notes:

Of the above:

a) 28,000 Equity Shares of Rs. 10/- each were allotted in earlier years as fully paid Bonus Shares by way of Capitalisation of Reserves.

b) 1,750,000 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.

c) 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

d) 608,480 1% Non Cumulative Redeemable Preference Shares of Rs.100 each (1% NCRPS) issued to UTI have been fully redeemed during the year [(Refer Note II - 1 c]

SCHEDULE 2 - RESERVES AND SURPLUS

	Balance as at 01/04/2007	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Balance as at 31/3/2008
Capital Redemption Reserve	25.59	36.51	-	62.10
Securities Premium Account	39.30	-	-	39.30
General Reserve **	54.27	10.00	1.43	62.84
Investment Allowance Reserve Utilised	6.31	-	-	6.31
	125.47	**46.51**	**1.43**	**170.55**
Balance in Profit & Loss Account	143.26	100.71	78.10	165.87
	268.73	**147.22**	**79.53**	**336.42**

** Rs.1.43 Million (Net of Deferred Tax) has been adjusted in the opening balance of General Reserve towards employee benefits as per transitional provisions of AS 15 (Revised)

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2008

Rs. in Million

	As at 31-Mar-08	As at 31-Mar-07
SCHEDULE 3 - SECURED LOANS		
1. FROM BANKS [Refer Note:II -5 a,b & c]		
(a) Cash Credit and Working Capital Borrowings	146.90	21.80
(b) Funded Interest Term Loan [Repayable within one year Rs. Nil (P.Y.Rs.3.88 Million)]	-	5.78
(c) Rupee Term Loan		
From Scheduled Co-op. Bank	32.46	43.01
From Scheduled Foreign Bank	70.00	-
(Repayable within one year Rs.25.19 Million (P.Y. Rs.7.59 Million)		
(d) Foreign Currency Long Term Loan [Refer Note 18 (a)]	193.30	-
(Repayable within one year Rs.40.376 Million (P.Y. Rs. Nil)		
(e) Vehicle Loan - (Term Loan)	-	0.02
[Repayable within one year Rs.Nil (P.Y. Rs. 0.02 Million)]		
	442.66	**70.61**
SCHEDULE 4 - UNSECURED LOANS		
1. Loans from Directors	-	7.50
2. Inter Corporate Loans	1.85	17.80
[Repayable within one year Rs Nil (P.Y Rs Nil)]		
	1.85	**25.30**

SCHEDULE 5 - FIXED ASSETS

	GROSS BLOCK				DEPRECIATION / AMORTISATON				NET BLOCK	
ASSETS	As at 1/4/2007	Additions/ Adjustments	Deductions/ Adjustments	**As at 31/3/2008**	Upto 31/3/2007	For the Year	Deductions/ Adjustments	**Upto 31/3/2008**	**As at 31/3/2008**	As at 31/3/2007
Land (Freehold) *	189.52	-	-	189.52	-	-	-	-	189.52	189.52
Buildings										
On Freehold Land	121.56	2.66	-	124.22	45.11	2.91	-	48.02	76.20	76.45
On Leasehold Land	5.27	-	-	5.27	2.79	0.13	-	2.92	2.35	2.48
Plant & Machinery	556.12	13.67	8.69	561.10	404.03	8.25	7.82	404.46	156.64	152.09
Office equipment/ computers etc.	68.43	4.69	0.01	73.11	52.01	4.04	-	56.05	17.06	16.42
Furniture,Fixtures,Fans and Electrical Fittings	17.24	1.90	-	19.14	10.21	1.03	-	11.24	7.90	7.02
Vehicles	5.81	0.52	-	6.33	4.24	0.23	-	4.47	1.86	1.56
Intangible Assets-Tech. Know-how	32.76	-	-	32.76	27.19	1.86	-	29.05	3.71	5.57
T O T A L	**996.71**	**23.44**	**8.70**	**1,011.45**	**545.58**	**18.45**	**7.82**	**556.21**	**455.24**	**451.11**
(Previous Year)	(974.22)	(27.13)	(4.64)	(996.71)	(531.00)	(18.43)	(3.83)	(545.60)	(451.12)	(443.22)
Capital Work-in-Progress including Capital Advances									**16.58**	2.25
(Previous Year)									(2.25)	-
T O T A L									**471.82**	**453.36**
(Previous Year)									(453.37)	-
For depreciation Refer Note I -(5)										

* Includes an amount of Rs. 180.93 Million increased in value of land on account of revaluation on 30th March 2001 as per an Independent Valuer's Report.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

Rs. Million

	Numbers 31-Mar-08	Numbers 31-Mar-07	Face Value (Each Rs.)	As at 31-Mar-08	As at 31-Mar-07
SCHEDULE 6 - INVESTMENTS (AT COST)					
Long Term Investment					
1. In fully paid Equity Shares (Un-quoted):					
Batliboi Environmental Engineering Ltd. [Refer Note II -5(e)]	1,908,930	4,408,930	10.00	19.12	44.12
2. In fully paid Shares of wholly owned Subsidiary Company (Un-quoted):					
Queen Project Mauritius Ltd.					
1) Ordinary shares of MUR 10 each	32,088			21.45	
2) Preference Shares of MUR 10 each	15,542,689			232.98	
3. Trade Investment (Quoted), In fully Paid Equity Shares					
Aturia Continental Ltd.	129,032	129,032	10.00	4.00	4.00
4. Other Investments (Non-trade)					
a) In fully paid Equity Shares (Quoted):					
The Mysore Kirloskar Ltd.	55329	55329	10.00	0.42	0.42
Mafatlal Engg. Ind. Ltd.	348	348	100.00	0.04	0.04
The Ahmedabad Mfg. & Calico Printing Co. Ltd.	20	20	125.00	0.00	0.00
Shri Ambica Mills Ltd.	8	8	100.00	0.00	0.00
The Aruna Mills Ltd.	25	25	100.00	0.00	0.00
The Khatau Makanji Spg. & Wvg. Co. Ltd.	55	55	100.00	0.00	0.00
EPC Irrigations Ltd.	10000	10000	10.00	0.30	0.30
SUB-TOTAL				0.76	0.76
b) In fully paid 4% Cumulative Preference Shares (Quoted):					
The Khatau Makanji Spg. & Wvg. Co. Ltd.	5	5	100.00	0.00	0.00
c) In fully paid Equity Shares (Unquoted):					
Andhra Pradesh State Financial Corporation	5	5	100.00	0.00	0.00
Precision Tooling Systems Ltd.	1500	1500	10.00	0.02	0.02
Shree Vardhan Co.op. Bank Ltd.	200	200	25.00	0.01	0.01
Patan Co-operative Bank Ltd.	100	100	25.00	0.00	0.00
Shamrao Vitthal Co.op. Bank Ltd.	2,000	2,000	25.00	0.05	0.05
SUB-TOTAL				0.08	0.08
c) In Mutual Fund units					
HSBC - Floating Rate Fund		6,161,614.68	10.00	-	61.71
SUB-TOTAL				**-**	**61.71**
TOTAL				**278.38**	**110.67**
Less: Provision for diminution in value of investments				(4.71)	(4.71)
				273.67	**105.96**
Quoted : Cost (after reducing provision)				0.06	0.05
Market Value				0.40	0.11
Repurchase price of Mutual Fund units					61.71
Unquoted :Cost				273.62	44.20

Investments purchased and redeemed/sold during the year

Particulars	**Face Value**	**No. of Units**
Preference shares of Queen Project Mauritius Ltd.	MUR 10	974,340

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

Rs. Million

			As at 31-Mar-08		As at 31-Mar-07
SCHEDULE 7 - INVENTORIES					
1.	Raw Materials		112.23		103.93
2.	Work-in-Progress		129.09		109.34
3.	Stock of machines, including own manufactured	6.97		11.33	
	Add: Goods in Transit	0.96		0.19	
			7.93		11.52
4.	Stores and Spare Parts		5.91		4.66
5.	Loose Tools		3.00		4.78
6.	Value of incomplete job contracts carried forward	1.96		2.19	
	Less: Progress payment received/billing against above	1.27	0.69	1.61	0.58
	[See Note II -(26)]				
			258.85		**234.81**

Note: [Refer Note I -(9) for mode of valuation]

SCHEDULE 8 - SUNDRY DEBTORS					
UNSECURED					
1.	Debts outstanding for a period exceeding six months Considered Good		80.26		78.82
	Considered Doubtful	26.05		17.52	
	Less: Provision for doubtful debts	26.05	-	17.52	-
			80.26		78.82
2.	Other debts- Considered Good		179.91		126.88
			260.17		**205.70**

SCHEDULE 9 - CASH AND BANK BALANCES					
1.	Cash and Cheques on hand and at collection centres including remittances in transit Rs.Nil (PY Rs.Nil)		1.80		2.23
2.	Balances with Scheduled Banks :				
	In Current Account	3.32		7.82	
	In Deposit Account (Towards Margin on Guarantees/ L/Cs) (Deposit receipts pledged with the banks)	17.62		16.06	
			20.94		23.88
			22.74		**26.11**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

Rs. in Million

		As at 31-Mar-08		As at 31-Mar-07
SCHEDULE 10 - LOANS AND ADVANCES				
UNSECURED -CONSIDERED GOOD UNLESS SPECIFIED OTHERWISE				
1. Staff Loans		3.22		2.08
2. Advances recoverable in cash or in kind or for value to be received		127.84		107.56
Considered Doubtful	9.42		9.90	
Less: Provision for doubtful advances	9.42	-	9.90	-
		127.84		107.56
3. Balances with Excise, Customs and Port Trust		3.17		2.69
4. Taxes paid in advance and deducted at source (net of Provision for tax)		6.27		3.51
		140.50		**115.84**
SCHEDULE 11 - CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
1. Sundry Creditors				
a) Due to Micro and Small Enterprise (Refer Note II -30)		7.45		13.47
b) Others		225.03		302.59
2. Advances and Deposits from Customers		120.49		135.29
3. Interest accrued but not due on loans		2.77		-
4. (a) Unclaimed Matured Deposits		0.07		0.10
(b) Unclaimed Dividend		0.58		0.29
(c) Unclaimed Matured Debentures		0.08		0.38
(d) Interest Accrued on above		0.03		0.09
5. Other Liabilities		49.87		52.96
		406.37		**505.17**
B. PROVISIONS				
1. Proposed Dividend		27.00		27.37
2. Dividend Distribution Tax		4.59		4.65
3. Provision for Gratuity		54.63		50.53
		86.22		**82.55**
		492.59		**587.72**

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Rs. in Million

		Year Ended 31-Mar-08		Year Ended 31-Mar-07
SCHEDULE 12 - GROSS TURNOVER				
1. Sales [Refer Note: II -21]		1,277.46		1,250.24
2. Service Charges		28.83		29.64
3. Commission		86.75		86.65
4. Revenue from Job Contracts		50.26		55.44
		1,443.30		**1,421.97**
SCHEDULE 13 - OTHER INCOME				
1. Gross Dividend		2.15		1.78
2. Profit on Sale of Fixed Assets		0.75		0.76
3. Profit on Sale of Investments (Net)		3.48		-
4. Insurance, Railway and Other Claims		0.56		0.93
5. Excess Provision of earlier years written back		1.37		13.61
6. Rent		2.20		1.47
7. Unclaimed Credit Balances appropriated		32.02		4.91
8. Miscellaneous Receipts		20.07		20.63
		62.60		**44.09**
SCHEDULE 14 - COST OF SALES, JOB CONTRACTS & SERVICES				
1. Cost of Sales				
Raw Materials Consumed (Refer Note:II -22 & 23)	617.78		596.88	
Less: Self Consumption	103.94	513.84	86.61	510.27
2. (Increase)/Decrease in Stocks				
Stock at close :				
Work-in-Process	129.09		109.34	
Stock of Machines and Own Manufactured Machines (Including excise duty)	6.97		11.33	
	136.06		120.67	
Less :				
Stock at Commencement				
Work-in-Process	109.34		87.10	
Stock of Machines and Own Manufactured Machines	11.33		6.96	
(Including excise duty)	120.67	(15.39)	94.06	(26.61)
		498.45		483.66
Less:Self Consumption for Job Contracts		(20.39)		(16.13)
		478.06		467.53
3. Purchases of goods for Resale (Incl.expenses)		128.95		164.36
4. Cost of Job Contracts (includes self Consumption)		55.62		51.03
5. Cost of Services Rendered		10.69		11.61
6. Job work charges incurred		36.41		36.85
		709.73		**731.38**

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Rs. in Million

	Year Ended 31-Mar-08	Year Ended 31-Mar-07
SCHEDULE 15 - EMPLOYEES' REMUNERATION		
1. Salaries, wages, Allowances and Bonus	163.62	141.82
2. Contribution to Provident and Other Funds	17.69	15.96
[including inspection charges Rs 0.67 Million (P.Y. Rs 0.58 Million]		
3. Payments & Provision for Gratuity	9.87	9.37
4. Staff Welfare Expenses	16.76	16.15
	207.94	**183.30**
SCHEDULE 16 - OTHER EXPENSES		
1. Rent	12.25	6.46
2. Rates and Taxes	1.12	1.19
3. Power and Fuel	22.46	17.46
4. Insurance	1.66	1.72
5. Exhibitions/ Advertisement Expenses	7.52	16.85
6. Printing and Stationery	2.60	3.17
7. Travelling and Conveyance	32.95	25.21
8. Audit, Legal and Professional Charges (Refer Note:II -14)	16.93	12.67
9. Bank Commission and other charges	6.02	3.95
10. Vehicle Maintenance	6.94	5.06
11. Postage, Telephone, Telex Charges etc.	9.02	8.65
12. Packing and Cartage	6.42	6.86
13. Stores & Loose Tools Consumed	16.57	15.58
14. Sales Tax	0.34	1.02
15. Repairs to Machinery	4.45	4.96
16. Repairs to Buildings	1.91	2.06
17. Repairs to Other Assets	1.31	0.85
18. Discounts and Allowances to Customers	0.01	0.55
19. Directors' Sitting Fees and Commission (other than Wholetime Directors)	1.18	1.01
20. Donation	1.00	2.50
21. Bad Debts	8.49	4.02
22. Provision for Doubtful Debts/Advances	8.95	-
23. Exchange difference	8.83	(1.72)
24. Miscellaneous Expenses	52.12	42.88
	231.05	**182.96**

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

I) 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 Udhna and Coimbatore, 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 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 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 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.

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 useful 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 Labour 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. Contingent Liabilities not provided for in respect of:

   a. Claims against the company not acknowledged as debts: Rs 38.30 Million (Previous Year: Rs. 13.49 Million).

   b. Disputed sales tax/Excise demand under appeal Rs.14.28 Million (Previous Year: Rs. 13.64 Million).

   c. As per the terms of settlement with UTI in the financial year ended 31st March, 2001, UTI has the right to reverse the waiver of dues of Rs.57.56 Million and restore the original liabilities based on the terms of the original agreement in the event of non-payment on due dates by the company of dividend and redemption amounts of the 7 years 1% non-cumulative redeemable preference shares (1% NCRPS) that have been allotted as part of a settlement package. The third and last installment @ Rs. 60/- per NCRPS towards redemption of NCRPS has been paid on the due date and the formalities for return of share certificates for cancellation and vacation of charge held by UTI are in progress.

2. a) Corporate Guarantees given to banks & financial institutions for credit facilities/ performance guarantees extended by them to a Company (related party): Rs 181.90 Million (Previous year: Rs.151.30 Million). Balance outstanding as on 31.03.2008: Rs 130.54 Million (Previous Year: Rs 150.52 Million).

   b) Guarantees given on behalf of the Company by its bankers and outstanding Rs 57.80 Million (Previous year: Rs. 53.41 Million) Out of the above, Guarantees issued 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: Rs 4.35 Million (Previous Year: Rs. 2.46 Million).

   c) 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 assets to secure the financial assistance availed by the Company from banks/financial institutions [Refer note II- 5-(a)].

   d) 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.29.01 Million.

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

Rs. Million

Provisions	Opening Amount	Additional Provision	Amount used	Amount Reversed	Closing Amount
2007-08	**26.30**	**8.17**	**0.86**	**12.16**	**21.45**
2006-07	23.65	12.10	2.52	6.93	26.30

4. Estimated amount of contracts remaining to be executed on capital account not provided for: Rs. 9.25 Million (Previous Year: Rs. 0.68 Million).

5. Borrowings and Security:
   a. Security for Bank Borrowings:
      i. Working Capital Borrowings from 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.
      ii. A specific guarantee facility of Rs.28.82 Million of BEEL from a bank, are 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 and Udhana, Gujarat.
   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 & Foreign Currency Term Loans from a Scheduled foreign bank are secured by first pari passu charge on the entire fixed assets of the Company along with other term lenders.
   d. Formalities for satisfaction of charges (on movable and immovable properties) in respect of UTI's 17.5% & 18% Debentures as well as 1% NCRPS; which have been redeemed are in progress.
   e. 1,908,930 equity shares of BEEL held by the company and 3,075,000 equity shares of BEEL held by directors/shareholders together aggregating 4,983,930 shares are lodged with the Company's bankers against working capital facilities sanctioned to the company and BEEL. [Refer Note II- 2-(a), (b), (c); & II-5-(a)].
6. Balances of Debtors & Creditors are as per books of account. Letters have been sent to Debtors 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 branch had received notices from The Surat Municipal Corporation, Surat for acquisition of land adjoining to the State Highway on Surat – Navsari Road admeasuring 6225 sq. mtrs approx for widening of State Highway in the public interest. 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: **Rs. Million**

	2007-08	2006-07
Interest on Fixed Loans	**19.57**	3.90
Interest – Others	**10.38**	6.00
Total	**29.95**	9.90

10. Taxes on Income:

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

	31.03.2008	31.03.2007
i. Deferred Tax Assets:		
Provision for Doubtful Debts, Advances, Diminution in Value of Investments, and Employee Benefits	**20.34**	14.81
ii. Deferred Tax Liabilities:		
Depreciation on Fixed Assets	**39.56**	32.72
iii. Net Deferred Tax Assets/(Liabilities)	**(19.22)**	(17.91)

11. Employee Benefits:

The company has adopted the Accounting Standard AS-15 (Revised 2005) on "Employees Benefits" w.e.f 1st April, 2007. Pursuant to the adoption of the revised accounting standard the additional/ transitional obligation of the company on account of employees benefits, based on independent actuarial valuation, towards sick leave amounting to Rs.1.43 Million (net of deferred tax Rs.0.74 Million) has been accounted by debiting the opening balance of the General Reserve as on 1st April, 2007 as per the transitional provisions of AS-15 (Revised 2005).

A. Defined Contribution Plans:

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

	Amount (Rs. Million)	Refer Item	Refer Schedule
a) Contribution to Employees Provident Fund i.r.o. employees at manufacturing facilities	4.96	2	15
b) Contribution to Employees Superannuation Fund	5.49	2	15
Total			

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 31st March, 2008:

Rs. Million

	Gratuity	**Leave Encashment**	**Compensated absence**
	Non-funded	**Non-funded**	**Non-funded**
§ **Changes in the Present Value of Obligation**			
a) Present Value of Obligation as at 1st April, 2007	50.24	13.20	2.17
b) Interest Cost	4.02	1.06	0.87
c) Service Cost	3.12	5.69	0.73
d) Curtailment Cost/(Credit)	-	-	-
e) Settlement Cost/(Credit)	-	-	-
f) Benefits Paid	5.76	2.58	NA
g) Interest guarantee (if relevant)	-	-	-
h) Actuarial (Gain)/Loss	2.36	(2.99)	(1.36)
i) Present Value of Obligation as at 31st March, 2008	53.98	14.38	2.42
§ **Changes in the Fair Value of Plan Assets**			
a) Present Value of Plan Assets as at 1st April, 2007	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 31st March, 2008	NIL	NIL	NIL

Rs. Million

	Gratuity	Leave Encashment	Compensated absence
	Non-funded	**Non-funded**	**Non-funded**
§ **Amount Recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets**			
a) Present Value of Defined Benefit Obligation as at	53.98	14.38	2.42
31st March, 2008			
b) Fair Value of Plan Assets as at 31st March, 2008	NIL	NIL	NIL
c) Net Liability recognized in the Balance Sheet	53.98	14.38	2.42
(as at 31st March, 2008)			
§ **Expenses Recognized in the profit and Loss Account**			
a) Service Cost	3.12	5.69	0.73
b) Interest Cost	4.02	1.06	0.87
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	2.36	(2.99)	(1.36)
g) Total Expenses recognized in the Profit and Loss A/c	9.50	3.76	0.24
§ **Actual Return on Plan Assets**			
§ **Estimated Contribution to be made in the next annual year**			
§ **The Composition of Plan Assets:** i.e. Percentage of each Category of Plan Assets to Total Fair Value of Plan Assets as at 31st 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) Property	NA	NA	NA
f) Insurance Managed Funds	NA	NA	NA
g) Others	NA	NA	NA
j) Total	NA	NA	NA
§ **Actuarial Assumptions**			
Retirement age	58 years for employees at manufacturing facilities at Udhna and 60 years at other locations.		
Discount rate	8.50%		
Mortality	LIC(1994-96) ultimate		
Withdrawal rate	1% p.a		
Salary escalation*	4% p.a		

Notes:

*The estimate of future salary increases, considered in acturial valuation take account of inflation, seniority, promotion, and other relevant factors such as supply and demand in employment market.

The overall expected rate of return in assets is based on the expectation of the average long term rate of return expected on the investment of the plan/fund during the estimated term of the obligation.

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.

13. Remuneration to Directors:

(A) Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956:

			Rs. Million
		2007-08	2006-07
Profit Before Tax as per Profit and Loss Account: *Add:*		**161.60**	198.82
Depreciation / Amortization as per Books	18.45		18.43
Remuneration of Whole time Directors, and Sitting Fee and Commission of Directors other than Whole-time Directors	15.47		13.04
Provision for Doubtful Debts / Advances (Net)	8.95		-
Provision for diminution in value of Investments	-		-
Sub-total		**42.87**	31.47
Less:			
Depreciation as per Section 350 of the Companies Act, 1956	18.45		18.43
Surplus on sale of Fixed Assets	-		-
Sub-total		**18.45**	18.43
Net Profit for the year		**186.02**	211.86
Less: Excess of Expenditure over Income of earlier years		**-**	87.36
Net Profit		**186.02**	124.50
1% of the above Net Profit for Commission to Non-Whole time Directors		**1.86**	1.24
Amount of Commission to Non-Whole-time Directors, restricted by Board to		**0.60**	0.60

(B) **Remuneration of Directors:**

		Rs. Million
	2007-08	2006-07
Remuneration of Whole-time Directors:		
Salaries	**11.25**	9.56
Contribution to Provident & Other Fund	**1.15**	1.26
Provision for Purchase of Annuity	**0.40**	0.33
Monetary Value of Perquisites	**0.98**	0.88
Total	**13.78**	12.03
Nos. of whole-time Directors	**3**	3

Rs. Million

	2007-08	2006-07
Remuneration of Directors Other than Whole-time Directors:		
Sitting Fee	**0.58**	0.41
Commission	**0.60**	0.60
Total	**1.18**	1.01

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

Rs. Million

	2007-08		2006-07	
	Statutory Auditors	**Branch Auditors**	Statutory Auditors	Branch Auditors
a) Audit Fees*	**0.64**	**0.13**	0.43	0.11
b) Tax Matters*	**0.02**	**0.05**	0.07	0.03
c) Certification*	**-**	**-**	-	-
d) Expenses	**0.17**	**0.05**	0.05	0.05
e) Other Services*	**0.23**	**0.12**	0.18	0.07
Total	**1.06**	**0.35**	**0.73**	**0.26**

* Inclusive of service tax

15. C.I.F. Value of Imported Items:

Rs. Million

	2007-08	2006-07
a) Raw Materials and Components	**69.32**	78.17
b) Stores and Spare parts	**-**	-
c) Purchases for Trading	**9.75**	0.08
d) Capital Goods	**9.15**	2.52
Total	**88.22**	80.77

16. Expenditure in Foreign Currency, on accrual basis:

Rs. Million

	2007-08	2006-07
a) Traveling expenses	**5.33**	7.58
b) Professional fees	**4.58**	20.22
c) Interest on ECB Loan	**12.60**	-
d) Others	**-**	10.62
Total	**22.51**	38.42

17. Earnings in Foreign Currency, on accrual basis:

Rs. Million

	2007-08	2006-07
Commission/other income	**85.36**	83.89
Total	**85.36**	83.89

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

(i) CAD 3,420,000 i.e. Rs.133.62 Million against which the company has a forward cover for USD/CAD. The USD/INR leg of USD 3,500,000 as at balance sheet date is open.

(ii) EURO 636,500 i.e. Rs.40.33 Million against which the company has no forward cover but has receivables.

(iii) USD 482,646 i.e. Rs.19.35 Million 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 (8.83) Million

(P.Y Rs1.72 Million)

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

		CAPACITY *				PRODUCTION**	
	Unit	LICENCED		INSTALLED			
		2007-08	2006-07	**2007-08**	2006-07	**2007-08**	2006-07
1. Machine Tools		634	634	634	634	509	471
2. Installations for Humidification and Air Control & Compressors	Nos.	450	450	450	450	**4764	**3145
3. Exhaust Fans and Similar Duct Works	Nos.	600	600	600	600	**2001	**2269
4. Water Pollution Control Installations	Nos.	50	50	@@@	@@@	-	-
5. Equipments for Air Pollution Control	Nos.	640	640	@@@	@@@	-	-
6. Files	Doz.	90000	90000	@@@	@@@	-	-
7. Tool Bits	Doz.	10000	10000	10000	10000	-	-
8. C.I.&Alloy Castings	M.T.	5400 (Single Shift)	5400 (Single Shift)	3600 (Double Shift)	3600 (Double Shift)	@1926	@1567
9. S G Iron Castings	M.T.	@@	@@	@@	@@	-	-
10. Aluminum Castings	M.T.	@@	@@	@@	@@	@25	@@69

@ Includes for captive consumption as under:

	Unit	**2007-08** Qty.	**2006-07** Qty.
C.I.Castings	M.T.	1915	1547
Alum. Castings	M.T.	25	68
S.G. Iron Casting	M.T.	NIL	NIL

* Capacity Figures are on annual basis

** Includes production of parts of equipments. 4764 (Previous year 3145 Nos.); and Production of equipments 2001 (Previous year: 2269 Nos.)

@@ Spare capacity available at Udhna for production of C.I.Castings was utilized for the production of items under 9 & 10 above.

@@@ Since plant was sold, disclosure is no more required.

20. Opening and Closing Stock of Goods Manufactured:

		OPENING STOCK				CLOSING STOCK			
	Unit	**As at 01.04.2007**		As at 01.04.2006		**As at 31.03.2008**		As at 31.03.2007	
		Qty	**Rs. in Million**	Qty	Rs. in Million	**Qty**	**Rs. in** Million	Qty	Rs. in Million
a) Machine Tools	**Nos.**	**4**	**6.08**	-	-	**1**	**3.15**	**4**	6.08
b) Humidification Air Control/Exhaust Fans & Compressors	**Nos.**	**-**	**-**	8	1.26	**11**	**1.45**	**-**	-
c) Castings	**M.T.**	**-**	**-**	40	3.21	**-**	-	-	-
d) Spares	**Nos.**	**-**	**-**	-	-	**1**	**0.03**	**-**	-
Total			**6.08**		4.47		**4.63**		6.08

21. Turnover of Goods:

		2007-08		2006-07	
	Unit	**Qty.**	**Rs. Million**	Qty.	Rs. Million
a) Indigenous Machinery Including Machine Tools	**Nos.**	**792**	**629.24**	875	539.71
b) Farm Equipments including Diesel Engines, Pumps, Motors, Generators	**Nos.**	—-	—-	—-	—-
c) Plant for Humidification & Air Control Equipment, Exhaust Fans & Similar duct Works.					
Manufactured	**Nos.**	**6753**	**480.69**	5265	514.64
Others	**Nos.**	**—**	**62.80**	**—**	186.69
d) CI & SG Castings	**MT**	**11**	***0.65**	26	* 1.07
e) Others	**—**	**—**	**0.01**	**—**	8.13
Total			**1173.39**		1250.24

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

22. Consumption of Raw Materials:

		2007-08		2006-07	
	Unit	**Qty.**	**Rs.Million**	Qty.	Rs. Million
a) Aluminum Sheets	**Nos.**	**58195.77**	**15.55**	79842.69	29.13
b) Iron and Steel	**Kgs**	**1121.02**	**52.00**	1363.08	57.60
c) Castings	**Kgs.**	**9965.61**	**3.47**	8677.96	3.08
d) Electric Motors	**Nos.**	**4008.00**	**56.88**	4005.00	55.34
e) Scrap	**MT**	**2172.55**	**52.38**	2664.32	36.06
f) Other Components	**-**	**-**	**437.50**	-	415.67
Total			**617.78**		596.88

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

	2007-08		2006-07	
	% of Total Consumption	**Rs. Million**	% of Total **Consumption**	Rs. in Million
a) Raw Materials & Components				
Imported	**11%**	**69.32**	13%	78.17
Indigenous	**89%**	**548.46**	87%	518.71
	100%	**617.78**	100%	596.88
b) Stores, Spares & Loose Tools				
Imported	**0%**	**-**	0%	-
Indigenous	**100%**	**16.56**	100%	15.58
	100%	**16.56**	100%	15.58

24. 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.

25. 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:

a) 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.

b) 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.

c) Air-conditioning and Refrigeration division, which covers manufacturing, marketing, commissioning and servicing of packaged air-conditioners and chillers etc.

d) 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. Million

	Machine Tools Group		Textile Engineering Group		Air-conditioning & Refrigeration Group		Others		Un-allocated		Total Co.	
	2007-08	**2006-07**	**2007-08**	**2006-07**	**2007-08**	**2006-07**	**2007-08**	**2006-07**	**2007-08**	**2006-07**	**2007-08**	**2006-07**
Segment Revenue												
Total Segment Revenue	**692.73**	575.03	**634.04**	730.94	**104.18**	94.43	**-**	-	**-**	**-**	**1430.95**	1400.40
Add: Other un-allocable Revenue		——		-		-	**-**	-	**31.72**	11.01	**31.72**	11.01
Sub Total	**692.73**	575.03	**634.04**	730.94	**104.18**	94.43	**-**	-	**31.72**	11.01	**31.72**	1411.41
(Less): Inter-segment Sales	**(103.94)**	(86.61)		-		-	**-**	-	**-**	-	**(103.94)**	(86.61)
Segment Revenue from external customers	**588.79**	488.42	**634.04**	730.94	**104.18**	94.43	**-**	-	**31.72**	11.01	**1358.73**	1324.80
Segment Results												
Profit/(Loss) before Interest & Tax	**95.07**	54.19	**165.87**	213.96	**(9.34)**	(4.40)	**-**	(0.10)	**-**	-	**251.60**	263.65
(Less): Interest	**-**	——	**-**	-	**-**	-	**-**	-	**(29.95)**	(9.90)	**(29.95)**	(9.90)
(Less)/Add: Other un-allocable (exp.) net of un-allocable income	**-**	——		-		-			**(60.06)**	(54.93)	**(60.06)**	(54.93)
Total Profit/(Loss) before Tax	**95.07**	54.19	**165.87**	213.96	**(9.34)**	(4.40)	**-**	(0.10)	**(90.01)**	(64.83)	**161.59**	198.82
Segment wise Capital Employed (Segment Assets Less Segment Liabilities)	**315.49**	217.37	**30.92**	29.46	**8.77**	16.52	**(0.16)**	(17.79)	**147.99**	194.58	**503.01**	**440.14**
Segment Assets	**477.39**	373.20	**184.95**	251.68	**56.49**	73.81	**0.02**	15.65	**708.91**	496.12	**1427.76**	1210.46
Segment Liabilities	**161.90**	155.83	**154.03**	222.22	**47.72**	57.29	**0.18**	33.44	**560.92**	301.54	**924.75**	770.32
Capital Expenditure	**17.11**	11.89	**3.76**	6.87	**0.05**	0.18	**-**	-	**16.94**	8.19	**37.77**	27.13
Depreciation	**6.79**	6.36	**3.27**	3.41	**0.23**	0.23	**-**	0.06	**8.18**	8.37	**18.47**	18.43
Non cash expenses other than Depreciation	——	——	——	——	——	——	——	——	——	——		——

Note: On a detailed review of cost-to-completion of all the jobs in progress and the receivables of Air conditioning & Refrigeration group cost over-run of Rs.6.29 Million and provision/write off of the receivable of Rs.7.86 Million has been charged to profit & loss account during the current financial year.

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.

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

1.	*Method used to determine the contract revenue:*	*Percentage Completion method*
2.	Method used to determine stage of completion of contract in progress	The Proportion that the contract cost incurred for work performed up to reporting date bears to the estimated total contract cost

Rs. Million

		2007-08	2006-07
3.	*Total Contract Revenue recognized as Revenue during the year*	**50.26**	55.44
II)	*For the Jobs in-progress as on Balance Sheet Date*		
a.	Aggregate of Cumulative Cost Incurred plus Gross Profit Recognized minus Gross Loss Recognized	**138.87**	140.82
b.	Amount due from/(to) customers	**1.45**	3.31
c.	Advances received from customers	**1.43**	4.51
d.	Retention Money kept by the Customers	**-**	-

27. 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:

a) Queen Projects (Mauritius) Ltd.-Mauritius
b) Vanderma Holding Ltd.-Cyprus
c) Pilatus View Holding AG-Switzerland
d) Quickmill Inc.-Canada
e) Aesa Air Engineering SA-France
f) Aesa Air Engineering S.p.A.-Italy
g) Aesa Air Engineering PTE Ltd-Singapore
h) Aesa Air Engineering Ltd-Hong Kong
i) Aesa Air Engineering Ltd-China
j) Aesa Air Engineering Pvt Ltd-India

ii) Key Management Personnel:

a) Mr. Nirmal Bhogilal, Chairman & Managing Director
b) Mr. George Verghese, Executive Director
c) Mr. Krushan Lal Swami, Executive Director

iii) Relatives of Key Management Personnel:

a) Mr. Pratap Bhogilal, Chairman Emeritus
b) Mr. Kabir Bhogilal, Divisional 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 SPM Pvt. Ltd.
e) Batliboi Enxco Pvt. Ltd.
f) Sustime Pharma Ltd.
g) Spartan Electricals

v) Entities to which management personnel are trustees

a) Bhogilal Leherchand Foundation
b) Leherchand Uttamchand Trust Fund

B) **Transactions & Outstanding Balances:**

Rs. Million

			Entities#		Key Management Personnel & their Relatives	
			2007-08	2006-07	**2007-08**	2006-07
i)	**Transactions**					
	a)	Purchase of goods/materials/services/fixed assets/ investments	**66.52**	74.04	**-**	**-**
	b)	Sale of goods/materials/services/fixed assets/ investments/recovery of expenses	**60.58**	29.06	**-**	**-**
	c)	Rent/License fee received	**-**	-	**-**	**-**
	d)	Loans & Advances in cash or kind received /(refunded) (Net)	**(20.00)**	-	**-**	**-**
	e)	Loans & Advances in cash or kind given/ (Net)	**-**	-	**-**	**-**
	f)	Balances written off/(written-back)	**-**	-	**-**	-
	g)	Gross Salary/Remuneration	-	-	**14.82**	12.03
	h)	Interest Paid.	**1.14**	1.46	**0.14**	1.36
	i)	Other (Receipts)/Payments	**(0.60)**	0.90	**-**	-
ii)	**Outstanding Balances as at 31.03.08, i.r.o:**					
	a)	Loans and advances received	**1.85**	17.80	**-**	7.50
	b)	Loans and advances given	**-**	-	**-**	-
	c)	Other receivable (for goods, services & other items)	***86.28**	*57.83	**-**	**-**
	d)	Other payables (for goods, services & other items)	**32.55**	19.76	**-**	**-**
	e)	Guarantee received from related parties	**-**	-	**-**	**-**

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

28. 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	2007-08	2006-07
A.	Profit computation for both Basic and Diluted Earning Per Share of Rs.5/- each Net Profit/(Loss) available for Equity Shareholders: Rs. in Million	**100.71**	131.82
B.	Weighted average number of Equity shares for computation of Basic & Diluted Earning per Share: Nos.	**2,70,02,550**	2,70,02,550
C.	Basic & Diluted Weighted Average Earning/(Loss) Per Share: Rs.	**3.73**	4.88

Note: Since the face value of equity share was sub-divided from Rs.10/- to Rs.5/- per share in the year 2007-08, the EPS for the year 2007-08 and 2006-07 has been calculated with reference to face value Rs.5/- per share.

29. In the opinion of the management there are no indications that the assets of the company may be impaired as on the balance sheet date.

30. Micro, Small and Medium Enterprises

The Management has initiated the process of identifying enterprises which have provided goods and services to the company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amount payable to such enterprises as at 31st March, 2008 has been made in the financial statements based on information received and available with the Company which has been relied upon by auditors. Further in view of management, the impact of interest, if any, that may be payable in accordance with the provision of the Act is not expected to be material.

31. During the year the Company has acquired the entire shareholdings of Quickmill Inc ,Canada (Company in the business of machine tools) w.e.f 12th April,2007 and 70% shareholding in AESA air engineering, SA , France (Textile air engineering company) w.e.f 06th July,2007 through its stepped down subsidiaries.

32. Scheme of amalgamation of Batliboi SPM Pvt Ltd with the company w.e.f 1st April, 2007, was approved by Board of Directors in their meeting held on 20th June, 2007, pending approval of the scheme by the Hon'ble High Courts of Judicature at Bombay and Karnataka, the financial statements do not include effects of this amalgamation.

33. 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

S. VENKATRAMAN
Partner

Mumbai
Dated: 07th May, 2008

For and On Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

KRUSHAN LAL SWAMI
Executive Director
& Group CFO

B. B. VANWARI
Chief Corporate Counsel
& Company Secretary

Mumbai
Dated: 07th May, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

Rs. in Million

	Year Ended 31-Mar-08		Year Ended 31-Mar-07	
I. CASH FLOW ARISING FROM OPERATING ACTIVITIES:				
Net Profit before Tax and Extraordinary items		**161.60**		**198.83**
Add Back :				
a) Depreciation	18.45		18.43	
b) Interest	29.95		9.90	
c) Prov. for Doubtful Debts/Other Advances	8.95		-	
d) Provision for Gratuity	4.10		5.45	
		61.45		33.77
Deduct :				
a) Income from Investments (Dividend)	2.15		1.78	
b) Surplus on Sale of Assets	0.75		0.75	
c) Surplus on Sale of Investments	3.47		-	
d) Unclaimed Credit balances appropriated	32.02		4.91	
f) Excess Provisions of earlier year written back	1.37		13.61	
		39.76		21.05
Operating Profit Before Working Capital Changes		**183.29**		**211.55**
Deduct :				
a) Increase in Inventories	24.04		50.55	
b) Increase in Trade Receivables & Advances	85.36		21.34	71.88
c) Decrease in Trade and other Payables	67.58	176.98	-	
Add :				
a) Increase in Trade and other Payables	-		122.40	
		-		122.40
		6.31		**262.07**
Income Taxes Paid		**61.60**		**60.27**
Net Cash Inflow / (Outflow) from Operations (A)		**(55.29)**		**201.80**
II. CASH FLOW ARISING FROM INVESTING ACTIVITIES:				
Inflow :				
a) Sale of Fixed Assets	1.63		1.55	
b) Income from investments (Dividend)	2.15		1.78	
c) Sale of Mutual Fund units (Liquid Fund)	61.71		-	
d) Sale/Redemption of other Investments	42.51	108.00	25.00	28.33
Deduct :				
Outflow :				
a) Acquisition of Fixed Assets	37.77		27.07	
b) Investment in Mutual Fund units (Liquid Fund)	-		86.71	
c) Overseas acquisitions	268.44	306.21	32.89	146.67
Net Cash Inflow / (Outflow) in course of Investing Activities (B)		**(198.21)**		**(118.34)**

Rs. in Million

	Year Ended 31-Mar-08		Year Ended 31-Mar-07	
III. CASH FLOW ARISING FROM FINANCING ACTIVITIES:				
Inflow :				
a) Increase in Term Loan	246.95		4.64	
b) Others	-		0.01	
c) Increase in Working Capital Borrowings	125.10	372.05	-	4.65
Deduct :				
Outflow :				
(a) Decrease in Working Capital Borrowings	-		20.06	
(b) Net decrease in other Unsecured Loans	23.45		18.50	
(c) Dividend/Dividend tax paid	32.02		23.68	
(d) Redemption of Preference Share Capital	36.51		15.21	
(e) Net interest Paid	29.95	121.92	9.90	87.35
Net Cash Inflow/(Outflow) in course of Financing Activities (C)		**250.13**		**(82.70)**
Net Increase/(Decrease) in cash/Cash Equivalents (A+B+C)		**(3.37)**		**0.77**
Add - Balance at the begining of the year		26.11		25.34
Cash/Cash Equivalents at the close of the year		**22.74**		**26.11**
Net Increase/(Decrease) in cash/Cash Equivalents		**(3.37)**		**0.77**

As per our report attached of even date
For **V.SANKAR AIYAR & CO.**
Chartered Accountants

For and On Behalf of the Board of Directors

S.VENKATRAMAN
Partner

NIRMAL BHOGILAL
Chairman & Managing Director

KRUSHAN LAL SWAMI
Executive Director & Group CFO

B. B. VANWARI
Chief Corporate Counsel & Company Secretary

Mumbai
Dated : 7th May, 2008

Mumbai
Dated : 7th May, 2008

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Pursuant to Part IV of Schedule VI of the Companies Act, 1956)

Rs. in Thousands

i.	**Registration Details**		
	Registration No.	: L52320MH1941PLC003494	
	State Code	: 11	
	Balance Sheet	: 31.03.2008	
ii.	**Capital Raised during the year**		
	Public Issue		NIL
	Right Issue		NIL
	Bonus Issue		NIL
	Private Placement		NIL
iii.	**Position of Mobilisation and Deployment of Funds**		
	Total Liabilities		935169
	Total Assets		935169
	Sources of Funds		
	Paid up Capital		135013
	Reserves & Surplus		336420
	Secured Loan		442660
	Unsecured Loan		1854
	Deferred Tax Liabilities		19222
	Application of Funds		
	Net Fixed Assets		471810
	Investment		273674
	Deferred Tax (Net)		_
	Net Current Assets		189685
	Misc. Expenditure		
iv.	**Performance of the Company**		
	Turnover		1358722
	Total Expenditure		1197125
	Profit / Loss Before Tax		161597
	Profit / Loss After Tax		100710
	Earning Per Share in Rs.		3.73
	Dividend Rate %	: Equity Dividend	20%
		: Preference Dividend	_

V. Generic Name of Three Principal Products / Services of the Company

1. Item Code No. (ITC Code)	:	846630.01; 8459.69; 845961.09; 8459.21, 845929.03; 846120.09; 846120.11; 846299.19; 8460.40; 8458.11; 845940.01; 845940.02; and 846140.29
Product Description	:	General Purpose & Special Purpose Machine Tools
2. Item Code No. (ITC Code)	:	8445.40; 84.87 and 8447.20 ; 8415.83; 8421.39; 841459.09; and 847989.09
Product Description	:	Textile Machinery and Textile Air Engineering Equipment
3. Item Code No. (ITC Code)	:	8415;8418
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 31st March 2008,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. 769.98 Million as at March 31,2008 and revenues of Rs. 1466.05 Million 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 2008;
   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

(S.Venkatraman)
Partner

Place: Mumbai
Date: 7th May, 2008

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

Rs.Million

	Schedule	As at 31-Mar-08
I. SOURCES OF FUNDS		
1. Shareholders' Funds:		
(a) Share Capital	1	135.01
(b) Reserves and Surplus	2	383.53
		518.54
2. Minority Interest		**2.22**
3. Loan Funds :		
(a) Secured Loans	3	570.64
(b) Unsecured Loans	4	1.85
		572.49
4. Deferred Tax Liabilities (Net)		**19.22**
		1,112.47
II APPLICATION OF FUNDS		
5. Fixed Assets	5	
(a) Gross Block		1,455.09
(b) Less: Depreciation/Amortisation to date		766.43
(c) Net Block		**688.66**
(d) Capital Work-in-Progress (Including Capital Advance)		16.58
6. Goodwill on Consolidation		116.97
7. Investments	6	**35.02**
8. Current Assets, Loans and Advances		
(a) Inventories	7	535.36
(b) Sundry Debtors	8	572.13
(c) Cash and Bank Balances	9	45.49
(d) Loans and Advances	10	187.50
		1,340.48
Less: Current Liabilities and Provisions	11	
(a) Current Liabilities		970.93
(b) Provisions		114.31
		1,085.24
Net Current Assets		**255.24**
		1,112.47
Significant Accounting Policies & Notes to the Accounts	17	

As per our report attached of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants

S. VENKATRAMAN
Partner

Mumbai
Dated : 7th May, 2008

For and On Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

KRUSHAN LAL SWAMI
Executive Director & Group CFO

B. B. VANWARI
Chief Corporate Counsel & Company Secretary
Mumbai
Dated : 7th May, 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Rs.Million

	Schedule	Year Ended 31-Mar-08
INCOME :		
1. Gross Turnover	12	2,884.04
Less: Excise Duty		147.18
Net Sales		**2,736.86**
2. Other Income	13	87.92
TOTAL INCOME		**2,824.78**
EXPENDITURE :		
3. Cost of Sales, Job Contracts and Services	14	1,486.28
4. Employees' Remuneration	15	501.19
5. Other Expenses	16	507.16
6. Interest		39.53
7. Depreciation/Amortisation		49.00
TOTAL EXPENDITURE		**2,583.16**
8. Profit before Tax		**241.62**
9. Provision for Taxation		
For Current Tax		88.67
For Deferred Tax (Net)		2.05
For Fringe Benefit Tax		3.73
10. Profit after Tax for the year		**147.17**
11. Minority Interest		(1.58)
12. Profit after Minority Interest		**148.75**
13. Add : Balance as per last Balance Sheet		143.26
		292.01
APPROPRIATIONS		
14. Proposed Dividend		
- On Preference Shares		-
- On Equity Shares		27.00
15. Dividend Distribution Tax		4.59
16. Transfer to Capital Redemption Reserve		36.51
17. Transfer to General Reserve		10.00
18. Balance carried to Balance Sheet		213.91
		292.01
19. Earnings per Share (Basic & Diluted) (Face Value of Rs.5/- per Share) (Refer Note No. 5 of Schedule 17 (II) of Notes of Accounts)		5.51
Significant Accounting Policies & Notes to the Accounts	17	

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

As per our report attached of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants

S. VENKATRAMAN
Partner

Mumbai
Dated : 7th May, 2008

For and On Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

KRUSHAN LAL SWAMI
Executive Director & Group CFO

B. B. VANWARI
Chief Corporate Counsel & Company Secretary
Mumbai
Dated : 7th May, 2008

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

Rs. Million

		As at 31-Mar-08
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
27,020,000	Equity Shares of Rs.5/- each	135.10
1,650,000	Preference Shares of Rs. 100/- each	165.00
		300.10
ISSUED,SUBSCRIBED AND PAID-UP		
27,002,550	Equity Shares of Rs.5/- each fully paid	135.01
608,480	7-Years, 1% Non Cummulative Redeemable Preference Shares of Rs.100/- each fully paid and fully redeemed	_
		135.01

Notes:

Of the above:

a) 28,000 Equity Shares of Rs. 10/- each were allotted in earlier years as fully paid Bonus Shares by way of Capitalisation of Reserves.

b) 1,750,000 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.

c) 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

d) 608,480 1% Non Cumulative Redeemable Preference Shares of Rs.100 each (1% NCRPS) issued to UTI have been fully redeemed during the year.

SCHEDULE 2 - RESERVES AND SURPLUS

	Balance as at 01/04/2007	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	**Balance as at 31/3/2008**
Capital Redemption Reserve	25.59	36.51	_	62.10
Securities Premium Account	39.30	_	_	39.30
General Reserve**	54.27	10.00	1.43	62.84
Investment Allowance Reserve Utilised	6.31	_	_	6.31
Foreign Currency Translation Reserve	_	(0.93)	_	(0.93)
	125.47	**45.58**	**1.43**	**169.62**
Balance in Profit & Loss Account	143.26	148.75	78.10	213.91
	268.73	**194.33**	**79.53**	**383.53**

** Rs.1.43 Million (Net of Deferred Tax) has been adjusted in the opening balance of General Reserve towards employee benefits as per transitional provisions of AS 15 (Revised)

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

Rs. Million

	As at 31-Mar-08
SCHEDULE 3 - SECURED LOANS	
(Secured by Moveable & Immoveable Assets)	
1. FROM BANKS :	
(a) Cash Credit and Working Capital Borrowings	165.05
(b) Rupee Term Loan	
From Scheduled Co-op. Bank	32.46
From Scheduled Foreign Bank	70.00
(Repayable within one year Rs.25.19 Million)	
(c) Foreign Currency Long Term Loan	303.13
(Repayable within one year Rs.73.66 Million)	
	570.64
SCHEDULE 4 - UNSECURED LOANS	
1. Loans from Directors	-
2. Inter Corporate Loans	1.85
[Repayable within one year Rs Nil]	
	1.85

SCHEDULE 5 - FIXED ASSETS

ASSETS	GROSS BLOCK						DEPRECIATION / AMORTISATON					NET BLOCK
	As at 1/4/2007	Additions/ Adjustments	Additions/ acquisition	Deductions/ Adjustments	**Exchange Difference**	**As at 31/3/2008**	Upto 31/3/2007	For the Year	Deductions/ Adjustments	**Exchange Difference**	**Upto 31/3/2008**	**As at 31/3/2008**
Land (Freehold)*	189.52	-	10.19	0.27	0.96	200.40	0.25	-	0.27	(0.02)	-	200.40
Buildings											-	-
On Freehold Land	121.56	12.17	74.43	3.88	7.03	211.31	87.54	4.91	3.88	(4.23)	92.80	118.51
On Leasehold Land	5.27	0.06	3.65	-	0.15	9.13	4.08	1.16	-	(0.06)	5.30	3.83
Plant & Machinery	556.12	16.03	27.43	8.76	1.27	592.09	427.67	9.25	7.85	(1.10)	430.17	161.92
Office equipment/ computers etc.	68.43	10.54	66.66	9.79	4.81	140.65	108.37	7.42	7.30	(4.16)	112.65	28.00
Furniture,Fixtures,Fans and Electrical Fittings	17.24	3.63	27.19	0.05	1.18	49.19	31.53	2.40	0.05	(0.94)	34.82	14.37
Vehicles	5.81	0.52	3.54	0.07	0.25	10.05	6.92	0.45	0.05	(0.21)	7.53	2.52
Intangible Assets-Tech. Know-how	32.76	134.19	93.22	25.57	7.67	242.27	80.20	23.41	25.59	(5.14)	83.16	159.11
T O T A L	**996.71**	**177.14**	**306.31**	**48.39**	**23.32**	**1,455.09**	**746.56**	**49.00**	**44.99**	**(15.86)**	**766.43**	**688.66**
(Previous Year)											-	-
Capital Work-in-Progress												**16.58**
(Previous Year)												-
T O T A L												**705.24**
(Previous Year)												-
For depreciation Refer Note I -(6)												

* Includes an amount of Rs. 180.93 Million increased in value of land on account of revaluation on 30th March 2001 as per an Independent Valuer's Report.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

Rs. Million

	Numbers 31-Mar-08	Face Value (Each Rs.)	As at 31-Mar-08
SCHEDULE 6 - INVESTMENTS (AT COST)			
Long Term Investment			
1. In fully paid Equity Shares (Un-quoted):			
Batliboi Environmental Engineering Ltd.	1,908,930	10.00	19.12
2. Trade Investment (Quoted),			
In fully Paid Equity Shares (Quoted)			
Aturia Continental Ltd.	129,032	10.00	4.00
3. Other Investments (Non-trade)			
a) In fully paid Equity Shares (Quoted):			
The Mysore Kirloskar Ltd.	55329	10.00	0.42
Mafatlal Engg. Ind. Ltd.	348	100.00	0.04
The Ahmedabad Mfg. & Calico Printing Co. Ltd.	20	125.00	0.00
Shri Ambica Mills Ltd.	8	100.00	0.00
The Aruna Mills Ltd.	25	100.00	0.00
The Khatau Makanji Spg. & Wvg. Co. Ltd.	55	100.00	0.00
EPC Irrigations Ltd.	10000	10.00	0.30
SUB-TOTAL			0.76
b) In fully paid 4% Cumulative Preference Shares (Quoted):			
The Khatau Makanji Spg. & Wvg. Co. Ltd.	5	100.00	0.01
c) In fully paid Equity Shares (Unquoted):			
Andhra Pradesh State Financial Corporation	5	100.00	0.00
Precision Tooling Systems Ltd.	1500	10.00	0.02
Shree Vardhan Co.op. Bank Ltd.	200	25.00	0.01
Patan Co-operative Bank Ltd.	100	25.00	0.00
Shamrao Vitthal Co.op. Bank Ltd.	2,000	25.00	0.05
SUB-TOTAL			0.08
d) In Mutual Fund units			
Mutual Funds in France			15.77
SUB-TOTAL			**15.77**
TOTAL			**39.73**
Less: Provision for diminution in value of investments			(4.71)
			35.02
Quoted :Cost (after reducing provision)			0.07
Market Value			0.11
Repurchase price of Mutual Fund units			
Unquoted :Cost			34.95

Investments purchased and redeemed/sold during the year

Particulars	**Face Value**	**No. of Units**
–	–	–

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

Rs. Million

			As at 31-Mar-08
SCHEDULE 7 - INVENTORIES			
1.	Raw Materials		205.20
2.	Work-in-Progress		244.94
3.	Stock of machines, including own manufactured	54.43	
	Add: Goods in Transit	0.96	
			55.39
4.	Stores and Spare Parts		26.14
5.	Loose Tools		3.00
6.	Value of incomplete job contracts carried forward	1.96	
	Less: Progress payment received/billing against above	1.27	0.69
			535.36

Note:
[Refer Note I -(9) for mode of valuation]

SCHEDULE 8 - SUNDRY DEBTORS			
UNSECURED			
1.	Debts outstanding for a period exceeding six months Considered Good		297.31
	Considered Doubtful	50.11	
	Less: Provision for doubtful debts	50.11	-
			297.31
2.	Other debts - Considered Good		274.82
			572.13
SCHEDULE 9 - CASH AND BANK BALANCES			
1.	Cash and Cheques on hand and at collection centres including remittances in transit Rs.Nil		1.93
2.	Balances with Scheduled Banks :		
	In Current Account	25.94	
	In Deposit Account (Towards Margin on Guarantees/ L/Cs) (Deposit receipts pledged with the banks)	17.62	
			43.56
			45.49

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

Rs. Million

		As at 31-Mar-08
SCHEDULE 10 - LOANS AND ADVANCES		
Unsecured -considered good unless specified otherwise		
1. Staff Loans		11.46
2. Advances recoverable in cash or in kind or for value to be received		163.36
Considered Doubtful	9.42	
Less: Provision for doubtful advances	9.42	-
		163.36
3. Balances with Excise, Customs and Port Trust		12.68
		187.50
SCHEDULE 11 - CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
1. Sundry Creditors		555.50
2. Advances and Deposits from Customers		275.01
3. Interest accrued but not due on loans		3.08
4. (a) Unclaimed Matured Deposits		0.07
(b) Unclaimed Dividend		0.58
(c) Unclaimed Matured Debentures		0.08
(d) Interest Accrued on above		0.03
5. Other Liabilities		136.58
		970.93
B. PROVISIONS		
1. Proposed Dividend		27.00
2. Dividend Distribution Tax		4.59
3. Provision for Gratuity		64.48
4. Provision for Taxation		18.24
		114.31
		1,085.24

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Rs. Million

			Year Ended 31-Mar-08
SCHEDULE 12 - GROSS TURNOVER			
1.	Sales		2,714.92
2.	Service Charges		28.83
3.	Commission		90.03
4.	Revenue from Job Contracts		50.26
			2,884.04
SCHEDULE 13 - OTHER INCOME			
1.	Gross Dividend		2.15
2.	Profit on Sale of Fixed Assets		0.92
3.	Profit on Sale of Investments (Net)		3.48
4.	Insurance, Railway and Other Claims		0.56
5.	Excess Provision of earlier years written back		1.37
6.	Rent		4.62
7.	Unclaimed Credit Balances appropriated		46.88
8.	Discounts and Allowances		0.37
9.	Miscellaneous Receipts		27.57
			87.92
SCHEDULE 14 - COST OF SALES, JOB CONTRACTS & SERVICES			
1.	Cost of Sales		
	Raw Materials Consumed	1,407.30	
	Less: Self Consumption	103.94	1,303.36
2.	(Increase)/Decrease in Stocks		
	Stock at close :		
	Work-in-Process	244.94	
	Stock of Machines and Own Manufactured Machines (Including excise duty)	54.43	
		299.37	
	Less :		
	Stock at Commencement		
	Work-in-Process	257.67	
	Stock of Machines and Own Manufactured Machines (Including excise duty)	11.33	
		269.00	(30.37)
			1,272.99
	Less:Self Consumption for Job Contracts		(20.39)
			1,252.60
3.	Purchases of goods for Resale (Incl.expenses)		130.96
4.	Cost of Job Contracts (includes self Consumption)		55.62
5.	Cost of Services Rendered		10.69
6.	Job work charges incurred		36.41
			1,486.28

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Rs. Million

	Year Ended 31-Mar-08
SCHEDULE 15 - EMPLOYEES' REMUNERATION	
1. Salaries, Wages, Allowances and Bonus	403.69
2. Contribution to Provident and Other Funds	70.87
[including inspection charges Rs 0.67 Million]	
3. Payments & Provision for Gratuity	9.87
4. Staff Welfare Expenses	16.76
	501.19
SCHEDULE 16 - OTHER EXPENSES	
1. Rent	28.63
2. Rates and Taxes	5.24
3. Power and Fuel	24.59
4. Insurance	10.10
5. Commission	47.14
6. Exhibitions/ Advertisement Expenses	14.75
7. Printing and Stationery	6.99
8. Travelling and Conveyance	73.10
9. Audit, Legal and Professional Charges	30.88
10. Bank Commission and other charges	12.06
11. Vehicle Maintenance	6.94
12. Postage, Telephone, Telex Charges etc.	18.25
13. Packing and Cartage	39.90
14. Stores & Loose Tools Consumed	32.92
15. Sales Tax	0.75
16. Repairs to Machinery	5.85
17. Repairs to Buildings	4.74
18. Repairs to Other Assets	2.98
19. Discounts and Allowances to Customers	0.01
20. Directors' Sitting Fees and Commission (other than Wholetime Directors)	1.81
21. Donation	1.38
22. Bad Debts	10.18
23. Provision for Doubtful Debts/Advances	10.66
24. Exchange difference	42.19
25. Miscellaneous Expenses	75.12
	507.16

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, 2008.

(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 polices 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 2008 are as under:

S.No	Name of the Subsidiary	% of Ownership interest as on 31.03.2008	Country of Incorporation	Date since it became subsidiary
1.	Queen Projects (Mauritius) Ltd.	100%	Mauritius	10.04.2007
2.	Vanderma Holding 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 S.p.A.	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 unit i.e. assets of Tool Room and some assets transferred to manufacturing unit from branches of the parent, 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	4% 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	2-15 years
Computer software	50% on straight line	1-3 years
Vehicles/Transport Equipment	30% on written down value	4-5 years
Intangible Assets	Impairment Test	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.

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

2. Intangible Assets:

<u>In respect of Quickmill Inc.:</u>

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.6.98 Million has been charged to the Consolidated Profit and Loss account.

3. 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:

a) 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.

b) 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.

c) Air-conditioning and Refrigeration division, which covers manufacturing, marketing, commissioning and servicing of packaged air-conditioners and chillers etc.

d) 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. Million

	Machine Tools	Textile Engineering	Air-conditioning & Refrigeration	Others	Un-allocable	Consolidated Total
	2007-08	**2007-08**	**2007-08**	**2007-08**	**2007-08**	**2007-08**
Segment Revenue						
Total Segment Revenue	1437.07	1355.69	104.18	-	-	2896.94
Add: Other un-allocable Revenue	-	-	-	-	31.72	31.72
Sub Total	1437.07	1355.69	104.18	-	31.72	2928.66
(Less): Inter-segment Sales	103.94	-	-	-	-	103.94
Segment Revenue from external customers	1333.13	1355.69	104.18	-	31.72	2824.72
Segment Results						
Profit/(Loss) before Interest & Tax	187.70	162.85	(9.34)	-		341.21
(Less): Interest	-	-	-	-	(39.53)	(39.53)
(Less)/Add: Other un-allocable (exp.) net of un-allocable income	-	-	-	-	(60.06)	(60.06)
Total Profit/(Loss) before Tax	187.70	162.85	(9.34)	-	(99.59)	241.62
Segment wise Capital Employed						
(Segment Assets Less Segment Liabilities)	489.89	46.05	8.78	(0.17)	147.99	692.54
Segment Assets	954.90	668.95	56.50	0.02	692.12	2372.49
Segment Liabilities	465.01	622.90	47.72	0.19	544.13	1679.95
Capital Expenditure	157.37	17.18	0.05		16.94	191.46
Depreciation	27.60	12.98	0.23		8.18	48.99
Non cash expenses other than Depreciation	-	-	-	-	-	-

Note: On a detailed review of cost-to-completion of all the jobs in progress and the receivables of Air conditioning & Refrigeration group cost over-run of Rs.6.29 Million and provision/write off of the receivable of Rs.7.86 Million has been charged to profit & loss account during the current financial year.

ii) Secondary Segment Reporting:

The geographic segments considered for disclosure are as follows:

Rs. Million

		2007-08		
		Indian Operations	Foreign Operations	Total
a)	Revenue by Geographic Market	1360.08	1464.70	2824.78
b)	Addition to Fixed Assets and Intangible Assets	38.24	284.16	322.40
c)	Carrying Amount of Segment Assets	1266.41	931.32	2197.73

4. Related Party Disclosures:

The subsidiaries have not reported any transactions with related parties. Hence disclosure in this regard are fairly reflected in the statement of related parties transactions annexed to Schedule II (29) to the standalone financial statements of Batliboi Ltd. (parent).

5. 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:

Workings of EPS	**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 million	148.76
B. Weighted average number of Equity shares for computation of Basic & Diluted Earning per Share: Nos.	27002550
C. Basic & Diluted Weighted Average Earning/(Loss) Per Share: Rs.	5.51

6. In the opinion of the management there are no indications that the assets of the consolidated company may be impaired as on the balance sheet date.

7. This being the first year of presenting the Consolidated Financial Statement corresponding figures of previous year is not presented.

SIGNATURES TO SCHEDULES 1 TO 17

As per our report attached of even date
For V.SANKAR AIYAR & CO.
Chartered Accountants

S. VENKATRAMAN
Partner

Mumbai
Dated : 7th May, 2008

For and On Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

KRUSHAN LAL SWAMI
Executive Director & Group CFO

B. B. VANWARI
Chief Corporate Counsel & Company Secretary

Mumbai
Dated : 7th May, 2008

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

Rs. Million

			Year Ended 31-Mar-08
I.	**CASH FLOW ARISING FROM OPERATING ACTIVITIES:**		
	Net Profit before Tax and Extraordinary items		**241.63**
	Add Back :		
	a) Depreciation	48.99	
	b) Interest	39.53	
	c) Prov. for Doubtful Debts/Other Advances	10.66	
	d) Increase in foreign exchange translation reserve	(0.93)	
	e) Minority Interest	3.81	
	f) Fixed Assets transfer / adjustments	21.53	
	g) Provision for Gratuity	13.94	
			137.53
	Deduct :		
	a) Income from Investments (Dividend)	2.15	
	b) Surplus on Sale of Assets	0.92	
	c) Surplus on Sale of Investments	3.48	
	d) Unclaimed Credit balances appropriated	46.88	
	e) Transfer to General Reserve	1.43	
	f) Excess Provisions of earlier year written back	1.37	56.23
	Operating Profit Before Working Capital Changes		**322.93**
	Deduct :		
	a) Increase in Inventories	300.55	
	b) Increase in Trade Receivables & Advances	448.80	749.35
	Add :		
	a) Increase in Trade and other Payables	529.18	529.18
			102.76
	Income Taxes Paid		**93.14**
	Net Cash Inflow / (Outflow) from Operations (A)		**9.62**
II.	**CASH FLOW ARISING FROM INVESTING ACTIVITIES:**		
	Inflow :		
	a) Sale of Fixed Assets	0.92	
	b) Income from investments (Dividend)	2.15	
	c) Sale of Mutual Fund units (Liquid Fund)	90.19	93.26
	Deduct :		
	Outflow :		
	a) Acquisition of Fixed Assets	322.39	
	b) Acquisition of Goodwill	116.97	
	c) Investment in Mutual Fund units (Liquid Fund)	15.77	455.13
	Net Cash Inflow / (Outflow) in course of Investing Activities (B)		**(361.87)**

Rs. Million

		Year Ended 31-Mar-08
III. CASH FLOW ARISING FROM FINANCING ACTIVITIES:		
Inflow :		
a) Increase in Term Loan	356.56	
b) Increase in Working Capital Borrowings	143.47	500.03
Deduct :		
Outflow :		
a) Net decrease in other Unsecured Loans	23.42	
b) Dividend/Dividend tax paid	32.02	
c) Redemption of Preference Share Capital	36.51	
d) Net interest Paid	36.45	128.40
Net Cash Inflow/(Outflow) in course of Financing Activities (C)		**371.63**
Net Increase/(Decrease) in cash/Cash Equivalents (A+B+C)		**19.38**
Add - Balance at the begining of the year		26.11
Cash/Cash Equivalents at the close of the year		**45.49**
Net Increase/(Decrease) in cash/Cash Equivalents		**19.38**

As per our report attached of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants

S. VENKATRAMAN
Partner

Mumbai
Dated : 7th May, 2008

For and On Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

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Executive Director & Group CFO

B. B. VANWARI
Chief Corporate Counsel & Company Secretary

Mumbai
Dated : 7th May, 2008

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

Rs. in Million

Sr. No.	Name of the Subsidairy 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 Projects (Mauritius) Ltd.	MUR	1.54	239.85	(0.59)	239.49	0.22	-	-	(0.59)	-	(0.59)	-	Mauritius
2	Vanderma Holding Ltd.	CAD	39.25	0.20	210.87	218.71	7.64	-	-	0.19	-	0.19	-	Cyprus
3	Pilatus View Holding AG	CHF	40.24	145.32	(1.61)	144.00	0.29	-	-	(1.59)	0.02	(1.61)	-	Switzerland
4	Quickmill Inc.	CAD	39.25	120.99	59.45	484.54	304.10	-	744.09	92.10	32.66	59.45	-	Canada
5	Aesa Air Engineering S. A.	EUR	63.37	37.07	(39.14)	450.98	453.05	15.77	612.42	(6.74)	(1.16)	(5.58)	-	France
6	Aesa Air Engineering S.p.A.	EUR	63.37	15.84	0.51	182.32	165.97	-	113.49	(14.55)	0.70	(15.25)	-	Italy
7	Aesa Air Engineering Pte Limited	SGD	28.91	2.89	11.05	14.18	0.24	-	16.19	0.79	0.10	0.69	-	Singapore
8	Aesa Air Engineering Limited.	HKD	5.13	0.05	0.02	10.11	10.04	-	1.29	(0.18)	-	(0.18)	-	Hongkong
9	Aesa Air Engineering Ltd. China	RMB	5.70	6.07	(2.39)	27.51	23.83	-	142.65	(7.26)	0.07	(7.33)	-	China
10	Aesa Air Engineering Private Limited	INR	1.00	2.00	2.11	18.28	18.16	-	79.61	2.03	1.67	0.37	-	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 64th Annual General Meeting at Walchand Hirachand Hall, 4th Floor, Indian Merchant Chambers, Churchgate, Mumbai - 400 020 on Thursday the 25th day of September, 2008 at 3.30 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 64th Annual General Meeting at Walchand Hirachand Hall, 4th Floor, Indian Merchant Chambers, Churchgate, Mumbai - 400 020 on Thursday the 25th day of September, 2008 at 3.30 P.M. and at any adjournment thereof.

Signed this .... day of .... 2008.

One Rupee
Revenue
Stamp

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

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

CONTENTS

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	-	Appointed (w.e.f. 28.07.2007)
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
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
Mr. Ashok Joshi	Chief Human Resource Officer

REGISTERED & CORPORATE OFFICE	Bharat House, 5th Floor, 104, Bombay Samachar Marg, Fort, Mumbai - 400 001. INDIA.
FACTORY	P. O. Fateh Nagar, Surat Navsari Road, Udhna - 394 220.
AUDITORS	M/s. V. Sankar Aiyar & Co. Chartered Accountants
REGISTRAR & SHARE TRANSFER AGENTS	Datamatics Financial Services Ltd. 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.