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## Batliboi Ltd.

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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. S. Ravi - Nominee of UTI

Mr. George Verghese - Executive Director

Mr. Krushan Lal Swami - Executive Director

### CORPORATE MANAGEMENT

Mr. Nirmal Bhogilal	Chairman & Managing Director	
Mr. George Verghese	C. E. O.	Textile Air Engineering Group
Mr. E. Rodrigues	C. E. O.	Textile Machinery Group
Mr. V. Sridhar	C. E. O.	Environmental Engineering Group
Mr. Krushan Lal Swami	Group C. F. O.	
Mr. B. B. Vanwari	Vice President	(Legal) & Company Secretary
Mr. C. K. Singh	Vice President	HRD/OD

**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.

**NOTICE**
**63<sup>rd</sup> ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the **Sixty – Third** Annual General Meeting of **BATLIBOI LTD.**, will be held **on Saturday the 28<sup>th</sup> day of July, 2007 at 2.00 P.M.** at Walchand Hirachand Hall, 4<sup>th</sup> 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 31<sup>st</sup> March, 2007, 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. Vijay Kirloskar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Ameet Hariani, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Nirmal Bhogilal, who retires by rotation and being eligible, offers himself for reappointment.
6. To consider and if thought fit, to pass with or without 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 authorised 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."

**SPECIAL BUSINESS:**

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

**"RESOLVED THAT** in partial modification of the earlier resolution passed by the members at the 62<sup>nd</sup> Annual General Meeting of the Company held on 19<sup>th</sup> July, 2006 for the revision in the remuneration payable to Mr. Nirmal Bhogilal – Chairman & Managing Director of the Company and pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members of the Company be and is hereby accorded to the variation in terms of remuneration payable to Mr. Nirmal Bhogilal - Chairman & Managing Director of the Company as set out in the Draft Supplementary Agreement and as detailed in the Explanatory Statement attached hereto.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to make necessary alterations in the said terms and conditions and to do all such acts, deeds and things as may be necessary with regard to the remuneration payable to Mr. Nirmal Bhogilal."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable

provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members of the Company be and is hereby accorded to the re- appointment of Mr. George Verghese as Executive Director & CEO (BTAEG) for a period commencing from 1<sup>st</sup> April, 2007 upto 31<sup>st</sup> December, 2009 (i.e. for the residual period of his employment with the Company) on the terms and conditions as set out in the Draft Agreement and as detailed in the Explanatory Statement attached hereto .

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to make necessary alterations in the said terms and conditions and to do all such acts, deeds and things as may be necessary with regard to the re-appointment of Mr. George Verghese."

9. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION** :

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members of the Company be and is hereby accorded to the re- appointment of Mr. Krushan Lal Swami as Executive Director & Group CFO for a period of 5 years commencing from 1<sup>st</sup> April, 2007 on the terms and conditions as set out in the Draft Agreement and as detailed in the Explanatory Statement attached hereto .

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to make necessary alterations in the said terms and conditions and to do all such acts, deeds and things as may be necessary with regard to the re-appointment of Mr. Krushan Lal Swami."

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

**"RESOLVED THAT** pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded for appointment of Mr. Kabir Bhogilal, son (relative) of Mr. Nirmal Bhogilal – Chairman & Managing Director of the Company for holding or continuing to hold an office or place of profit in the Company as Divisional Manager – Business Development w.e.f 1<sup>st</sup> August, 2007 as follows :

Salary : Rs 32,000/- p.m. (In the scale of Rs 30,000/-p.m. to Rs 1,00,000/-p.m.)

Perquisites: Rs 34,949 /- p.m. ( In the scale of Rs 30,000/-p.m. to Rs 1,00,000/-p.m)

The perquisites and allowances payable to him shall be the same as given to other employees in the Company in the similar grade(s) as per the rules of the Company

The annual increments which will be effective 1<sup>st</sup> April each year, will be decided by the Company, will be merit – based and take into account the Company's performance as well.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised and empowered as and when it may determine and deem fit and proper, to revise the above terms of remuneration and to promote him to the next higher grade (s) with all usual allowances, facilities and benefits as applicable to such grade(s)

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to accept such modifications of the above terms of remuneration as the Central Government may suggest or require or impose while granting its approval and which may be acceptable to Mr. Kabir Bhogilal ”

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

“**RESOLVED THAT** pursuant to the provisions of Section 31 and all other applicable provisions, if any of the Companies Act, 1956,(including any statutory modification(s) or re-enactment thereof for the time being in force), the Articles of Association of the Company be and are hereby altered by inserting the following :

- (a) Insert the following new Article as Article 24A after Article 24.

24 A The new Share Certificate(s) shall be granted to the shareholder(s) against request for sub- division / consolidation of Share Certificate(s) without any levy of charges.

- (b) Insert the following new Article as Article 28A after Article 28.

**28 A Buy back of Shares**

Notwithstanding anything contained in these Articles, in the event it is permitted by law for a Company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company’s own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted by law.

- (c) Insert the following Heading and new Article as Article 82A after Article 82

**82A Dematerialisation of Securities**

**Definitions**

1. For the purpose of this Article:-  
‘Beneficial Owner’ means a person or persons whose name is recorded as such with depository;  
‘SEBI’ means the Securities and Exchange Board of India;  
‘Depository’ means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and  
‘Security’ means such security as may be specified by SEBI from time to time.

**Options for Investors**

2. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in

the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

**Securities in depositories to be in fungible form**

3. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

**Rights of depositories and beneficial owners.**

4. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.  
(b) Save as otherwise provided in above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.  
(c) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

**Service of documents**

5. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

**Transfer of Securities**

6. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected

- by a transferor or / and transferee both of whom are entered as beneficial owners in the records of a depository.
- Allotment of Securities dealt with in a depository** 7. Notwithstanding anything in the Act or these Articles, where securities are dealt with a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- Distinctive numbers of Securities held in a depository** 8. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
- Register and Index of beneficial owners** 9. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take the necessary steps to do all such acts, deeds and things as may be necessary to give effect to the resolution"

**NOTES:**

- 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.**
- 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.
- The Register of Members and the Share Transfer Books of the Company will remain closed from **21<sup>st</sup> day of July, 2007 to 28<sup>th</sup> day of July, 2007** (both days inclusive.)
- 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 **20<sup>th</sup> July, 2007**. 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 **20<sup>th</sup> July, 2007**. The dividend will be paid on and from **17<sup>th</sup> August, 2007**. Transfer Documents received on or after **21<sup>st</sup> July, 2007** will not be considered for the aforesaid purposes
- 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.
- 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.

- 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 dividend paid by the Company and its respective due date of transfer of unclaimed /un-encashed dividend to the designated fund of the Central Government :

Date of Declaration of Dividend	Dividend for the year	Due date of transfer to the Fund
19 <sup>th</sup> July, 2006	2005-2006	August 2013

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.

- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto
- 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**  
Vice President (Legal)  
& Company Secretary

Mumbai  
4<sup>th</sup> June, 2007

**Registered Office :**

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

**ANNEXURE TO NOTICE**

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

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice dated 4<sup>th</sup> June, 2007.

**Item No. 7**

The Members of the Company at the 62<sup>nd</sup> Annual General Meeting of the Company held on 19<sup>th</sup> July, 2006 had approved the re –appointment and revision in remuneration payable to Mr. Nirmal Bhogilal - Chairman & Managing Director of the Company as follows

Salary : Rs 2,15,000/- p.m. ( In the scale of Rs 1,75,000/- p.m. to Rs 4,00,000/- p.m.)

Perquisites: Rs 2,15,000/- p.m. . (In the scale of Rs 1,75,000/- p.m. to Rs 4,00,000/- p.m.)

The annual increments which will be effective 1<sup>st</sup> April each year, will be decided by the Board / Remuneration Committee and will be merit – based and take into account the Company's performance as well.

**Perquisites :**

The perquisites and allowances payable to him shall include accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, House Maintenance Allowance together with reimbursement of expenses and/or allowance(s) for utilization of gas,

## Batliboi Ltd.

electricity, water, utility allowance, furnishing and repairs; medical reimbursement, leave travel concession for self and family including dependents, club fees, medical insurance and such other perquisites and/or allowance(s) upto the amounts specified above.

### **Other Benefits :**

He shall also be entitled to the following benefits as per the Rules of the Company

1. Earned / Privilege Leave
2. Company's Contribution to Provident Fund and Super – annuation Fund
3. Gratuity
4. Encashment of Leave
5. Use of Company's Car, Telephone(s) / Fax at residence and Cellphone for official purposes

The amounts under different heads of Perks would be interchangeable by mutual consent, provided the aggregate of all the Perks availed are within the overall entitlement limits mentioned above.

On the recommendation of the Remuneration Committee at its meeting held on 24<sup>th</sup> May 2007 and as confirmed by the Board Resolution dated 4<sup>th</sup> June, 2007 and subject to approval of shareholders, the terms of remuneration payable to Mr. Nirmal Bhogilal are proposed to be revised to include Commission as follows :

### **Commission :**

Such remuneration by way of commission, in addition to salary, perquisites and allowances payable calculated with reference to the Net Profits of the Company in a particular Financial Year as may be determined by the Remuneration Committee and/or Board of Directors of the Company at the end of each Financial Year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

Save and except as indicated hereinabove, other remuneration terms of Mr. Nirmal Bhogilal remain the same.

During the term of employment of Mr. Nirmal Bhogilal, as Chairman & Managing Director, in the event in any Financial Year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in the Schedule XIII of the Companies Act, 1956 or any re-enactment thereof.

The above statement may be regarded as an abstract of the variation in terms of remuneration and Memorandum of Interest pursuant to Section 302 of the Companies Act, 1956.

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

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

Your Directors recommend the above resolution for your approval.

### **Item No. 8**

The present term of Office of Mr. George Verghese as Executive Director & CEO (BTAEG) is due to expire on 20<sup>th</sup> December, 2007. Subject to the Shareholders approval and subject to such sanctions and approvals as may be necessary, the Board of Directors at their Meeting held on 21<sup>st</sup> April, 2007 have re-appointed him for a further period commencing from 1<sup>st</sup> April 2007 upto 31<sup>st</sup> December, 2009 (i.e. for the residual period of his employment with the Company) (his earlier Agreement having been determined by mutual consent on 31<sup>st</sup> March, 2007) on the terms and conditions as follows :

Salary Rs. 1,30,200/- p.m (In the scale of Rs 1,00,000/- to Rs 4,00,000 p.m.)

Perquisites Rs. 1,61,256/- p.m (In the scale of Rs 1,00,000/- to Rs 4,00,000 p.m.)

The annual increments which will be effective 1<sup>st</sup> April each year, will be decided by the Board / Remuneration Committee and will be merit – based and take into account the Company's performance as well.

### **Perquisites :**

The perquisites and allowances payable to him shall include accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, House Maintenance Allowance together with reimbursement of expenses and/or allowance(s) for utilization of gas, electricity, water, utility allowance, furnishing and repairs; medical reimbursement, leave travel concession for self and family including dependents, club fees, medical insurance, incentive pay / bonus based on certain performance criteria to be decided by the Board / Committee and such other perquisites and/or allowance(s) upto the amounts specified above.

### **Other Benefits :**

He shall also be entitled to the following benefits as per the Rules of the Company

1. Earned / Privilege Leave
2. Company's Contribution to Provident Fund and Super – annuation Fund
3. Gratuity
4. Encashment of Leave
5. Use of Company's Car, Telephone(s) / Fax at residence and Cellphone for official purposes.

Subject to an overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

The amounts under different heads of Perks would be interchangeable by mutual consent, provided the aggregate of all the Perks availed are within the overall entitlement limits mentioned above.

During the term of employment of Mr. George Verghese as Executive Director & CEO (BTAEG), in the event in any Financial year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in the Schedule XIII of the Companies Act, 1956 or any re-enactment thereof.

The above statement may be regarded as an abstract of the terms of reappointment and Memorandum of Interest pursuant to Section 302 of the Companies Act, 1956.

Mr. George Verghese - Executive Director & CEO (BTAEG) may be regarded as concerned or interested in the Resolution as it pertains to his re- appointment

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

Your Directors recommend the above resolution for your approval.

### **Item No. 9**

The present term of Office of Mr. Krushan Lal Swami as Executive Director & Group CFO is due to expire on 31<sup>st</sup> October, 2007. Subject to the Shareholders approval and subject to such sanctions and approvals as may be necessary, the Board of Directors at their Meeting held on 21<sup>st</sup> April, 2007 have re-appointed him for a further period of 5 years with effect from 1<sup>st</sup> April 2007 (his earlier Agreement having been determined by mutual consent on 31<sup>st</sup> March, 2007) on the terms and conditions as follows :

Salary Rs. 1,01,000/- p.m (In the scale of Rs 75,000/- to Rs 4,00,000 p.m.)

Perquisites Rs. 1,11,147/- p.m (In the scale of Rs 75,000/- to Rs 4,00,000 p.m.)

The annual increments which will be effective 1<sup>st</sup> April each year, will be decided by the Board / Remuneration Committee and will be merit – based and take into account the Company's performance as well.

**Perquisites :**

The perquisites and allowances payable to him shall include accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, House Maintenance Allowance together with reimbursement of expenses and/or allowance(s) for utilization of gas, electricity, water, utility allowance, furnishing and repairs; medical reimbursement, leave travel concession for self and family including dependents, club fees, medical insurance, incentive pay / bonus based on certain performance criteria to be decided by the Board / Committee and such other perquisites and/or allowance(s) upto the amounts specified above.

**Other Benefits :**

He shall also be entitled to the following benefits as per the Rules of the Company

1. Earned / Privilege Leave
2. Company's Contribution to Provident Fund and Super – annuation Fund
3. Gratuity
4. Encashment of Leave
5. Use of Company's Car, Telephone(s) / Fax at residence and Cellphone for official purposes.

Subject to an overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

The amounts under different heads of Perks would be interchangeable by mutual consent, provided the aggregate of all the Perks availed are within the overall entitlement limits mentioned above.

During the term of employment of Mr. Krushan Lal Swami as Executive Director & Group CFO, in the event in any Financial Year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in the Schedule XIII of the Companies Act, 1956 or any re-enactment thereof.

The above statement may be regarded as an abstract of the terms of reappointment and Memorandum of Interest pursuant to Section 302 of the Companies Act, 1956.

Mr. Krushan Lal Swami -Executive Director & Group CFO may be regarded as concerned or interested in the Resolution as it pertains to his re- appointment

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

Your Directors recommend the above resolution for your approval.

**Item No. 10**

Mr Kabir Bhogilal, 25, son (relative) of Mr. Nirmal Bhogilal, Chairman & Managing Director of the Company is a BA in Business Administration (Hons) from De Montfort University, Leicester (UK)

He has worked in different capacities with several Companies i.e. Batliboi International Ltd, Mumbai, Cedar Management Consulting International Ltd, Mumbai, Carboclass Ltd, Lords Builders Merchants, UK.

The Board of Directors at their meeting held on 21<sup>st</sup> April, 2007, appointed him as Divisional Manger – Business Development w.e.f 1<sup>st</sup> August, 2007

The Company will prefer the necessary application to the Central Government for obtaining its approval to the terms of appointment as required under Section 314 (1B) of the Companies Act, 1956

The remuneration, perquisites, allowances, facilities and benefits proposed are applicable in his grade as per the Rules of the Company and are fixed on the same basis as applicable to other executives of the Company in the same grade. They are also in line with the remuneration packages prevailing in the industry.

Mr. Nirmal Bhogilal being his relative is interested in the resolution.

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

Your Directors recommend the above resolution for your approval.

**Item No. 11**

(a) National Stock Exchange of India Limited (NSE) had at the time of listing the Company's Equity Shares on the Exchange advised the Company to give an undertaking to the effect that the Company will amend the provisions of its Articles for the purposes of including a provision for permission for sub –division and consolidation of share certificates

Hence it is proposed insert the new Article 24 A as provided in the Resolution after Article 24 in order to comply with the Listing Agreement with NSE.

(b) The Companies (Amendment) Act, 1999 inserted new provisions under Sections 77A, 77AA & 77B to the Companies Act, 1956 in relation to buyback of securities.

The Articles of Association of the Company do not have a provision for the buyback of securities.

It is therefore proposed to insert the new Article 28 A as provided in the Resolution after Article 28 to be in line with the provisions relating to the buyback of securities.

(c) The Depositories Act 1996 provided for the dematerialisation of securities and the dealing of securities in dematerialised form.

The Articles of Association of the Company do not have a provision for the dealing of securities in dematerialised form.

Hence it is proposed to insert the new Article 82 A as provided in the Resolution after Article 82.

None of the Directors are concerned or interested in the said Resolution.

Your Directors recommend the above resolution for your approval

**INSPECTION OF DOCUMENTS**

The Draft Agreements for the variation in terms of remuneration payable to Mr. Nirmal Bhogilal, the re-appointment of Mr. George Verghese and Mr. Krushan Lal Swami and the Copy of Memorandum & Articles of Association are available for inspection by the Members of the Company at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all working days (excluding Saturdays)

By Order of the Board of Directors

**B. B. VANWARI**  
Vice President (Legal)  
& Company Secretary

Mumbai  
Date :- 4<sup>th</sup> June, 2007

**Registered Office :**  
Bharat House, 5<sup>th</sup> floor,  
104, Bombay Samachar Marg,  
Fort, Mumbai – 400 001.

# Batliboi Ltd.

## DIRECTORS' REPORT

The Members,

Your Directors submit their 63<sup>rd</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2007.

### 1. FINANCIAL RESULTS

	(Rs. In Lacs)	
	For the Year Ended	
	31-March -07	31-March-06
<b>Gross Turnover (Including Indirect Sales)</b>	<b>30649.43</b>	<b>26348.08</b>
Net Sales	12807.03	10064.38
Other Income	440.94	332.64
<b>TOTAL INCOME</b>	<b>13247.97</b>	<b>10397.02</b>
<b>Profit before Interest, Depreciation &amp; Tax (PBIDT)</b>	<b>2271.47</b>	<b>1540.53</b>
Less: Interest	99.03	117.50
Less: Depreciation	184.25	148.88
<b>PROFIT BEFORE TAX (PBT)</b>	<b>1988.19</b>	<b>1274.15</b>
Fringe Benefit Tax	37.99	48.58
Provision for Taxation: Current Tax	572.62	112.46
Deferred Tax	55.70	256.41
<b>PROFIT AFTER TAX (PAT)</b>	<b>1321.88</b>	<b>856.70</b>
Add: Balance as per last Balance Sheet	683.06	204.43
<b>Available Surplus</b>	<b>2004.94</b>	<b>1061.13</b>
<b>APPROPRIATIONS</b>		
Proposed Dividend		
- On Preference Shares	3.65	5.17
- On Equity Shares	270.03	202.50
Dividend Distribution Tax	46.51	29.13
Transfer to Capital Redemption Reserve	152.12	91.27
Transfer to General Reserve	100.00	50.00
Balance Carried to Balance Sheet	1432.63	683.06
	<b>2004.94</b>	<b>1061.13</b>

### 2. PERFORMANCE & PROSPECTS:

The Indian Economy has seen continuous growth during the year under review. The growth is led by the excellent performance of the manufacturing and service sectors. All the economic indicators point out that the Indian economy is finding an important place in the global context.

The GDP grew by a record 9% and industrial production grew in excess of 11%. Your company has also improved its performance during the year compared to the previous year. The total turnover (including indirect sales from agencies) of your Company grew by 16% to Rs. 30649.43 Lacs as against Rs. 26348.08 Lacs for the previous year. The Total Income of the Company grew by 27% at Rs. 13247.97 Lacs as against Rs. 10397.02 Lacs in the previous year. The profit before tax of the company grew by 56% to Rs.1988.19 Lacs from Rs. 1274.15

Lacs during the previous year. After considering the provisions for Fringe Benefit Tax of Rs. 37.99 Lacs (Previous Year 48.58), Deferred Tax Liabilities of Rs.55.70 Lacs (Previous Year Rs. 256.41 Lacs) and Current Tax of Rs.572.62 Lacs (Previous Year Rs 112.46 Lacs) the Company's Net Profit After Tax has increased by 54% to Rs.1321.88 Lacs from Rs. 856.70 Lacs in the Previous Year.

### LISTING ON NATIONAL STOCK EXCHANGE OF INDIA LTD (NSE)

The Equity Shares of your Company have now been listed on NSE w.e.f. 20<sup>th</sup> December, 2006. The shares of your Company are already listed on Bombay Stock Exchange Limited

### AMALGAMATION

It is proposed to amalgamate Batliboi SPM Pvt. Ltd (SPM) with the Company. SPM is an Associate Company which is closely held and engaged in manufacturing and marketing of Special Purpose Machines mainly for Automobile and Auto Component industry.

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.

The Company has obtained the Approvals on the Scheme of Amalgamation from BSE & NSE

The Application for convening the meeting of the Equity Shareholders/Secured Creditors/ Unsecured Creditors is being submitted to the High Court of Judicature at Bombay and at Karnataka. The detailed Scheme of Amalgamation would thereafter be circulated to the members.

### ACQUISITION

The Company made a strategic acquisition [through its Special Purpose Vehicles (SPV)]w.e.f 12<sup>th</sup> April, 2007 of Quickmill Inc., a Machine Tool Company based in Peterborough, Ontario, Canada for Rs. 22 Crores. It is engaged in the business of CNC Gantry and Bridge type Milling and Drilling Machines, which are used in the manufacture of Heat Exchangers, machining of Heavy Equipment and Fabricated Steel and in the aerospace industry. Established in 1984, it is a technology oriented, growing and profitable company with annualised sales of Can. \$ 14 million (approx. Rs.50 Crores).

The above acquisition will enable your Company to support its goal of becoming an internationally competitive niche player in the Machine Tool space. Your Company is confident to reap synergies through cross fertilization of skills, your Company's distribution network and cost advantages in India and Quickmill's R & D capabilities and distribution network in North America and thereby improving both the top line and bottom line.

### 3. DIVIDEND

Your Directors recommend Dividend on Preference Shares @ 1 % (i.e. Rs.1 /- per Share) and on Equity Shares @ 20 % (i.e. Rs. 2 per Share) aggregating to Rs. 273.68 Lacs. The total cash outgo on both Preference Shares and Equity Shares including the Dividend Distribution Tax will be Rs. 320.19 Lacs.

### 4. TRANSFER TO RESERVES

The company proposes to transfer Rs 100 Lacs to General Reserves and Rs 152.12 Lacs to Capital Redemption Reserve out of the amount available for appropriations. An amount of Rs 1432.63 Lacs is proposed to be retained in the Profit and Loss Account.

**5. FIXED DEPOSITS**

Deposits aggregating Rs.1.01 Lacs which fell due for payment on or before 31<sup>st</sup> March, 2007 were standing unclaimed as on that date.

**6. CORPORATE GOVERNANCE**

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

**7. DIRECTORS**

Mr. M.V.Subbiah who had joined the Board on 27<sup>th</sup> April, 2006 in the casual vacancy caused by resignation of Dr. K. K. Anand resigned from the Board w.e.f 7<sup>th</sup> July, 2006 due to conflict of interest with another company where he was a Director.

Mr. Vijay Kirloskar, Mr Ameet Hariani and Mr. Nirmal Bhogilal retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

**8. 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.

They have furnished a certificate to the effect that their proposed appointment, if made, will be in accordance with the limits specified under Section 224 (1-B) of the Companies Act, 1956.

**9. AUDITORS' REPORT**

The Auditors' Report to the members on the Company's Annual Accounts for the year ended 31<sup>st</sup> March 2007 is prefixed thereto.

**10. 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 judgements 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.

**11. FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year ended 31<sup>st</sup> March 2007, Foreign Exchange Earnings were Rs. 838.87 Lacs (Previous Year Rs. 775.57 Lacs) and the Foreign Exchange Outgo was Rs. 384.23 Lacs (Previous Year Rs. 67.89 Lacs). For details Note Nos. 18 & 19 to the Accounts may be referred to.

**12. CONSERVATION OF ENERGY**

A 1.25 MW Windmill was commissioned on 26<sup>th</sup> September 2005 at Lamba, Gujarat to generate power for captive consumption of Company's Manufacturing Unit at Udhna. This strategic initiative has resulted in reduction in energy cost of Rs.35.50 lacs and also helped the Company gain self-sufficiency in its electricity requirement.

**13. 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.

**14. 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.

**15. 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: 21<sup>st</sup> April, 2007

**NIRMAL BHOGILAL**

Chairman & Managing Director

## Batliboi Ltd.

### Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Director's Report for the year ended 31.03.2007.

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	57	Chairman & Managing Director	59,79,277	B. Sc. (Engg), Chemical Engg (London University), A.C.G.I.	34	06.09.1973	Nil
Mr. George Verghese	57	Executive Director & CEO (BTAEG)	35,02,628	B. E. (Tech)	35	31.07.1974	Volta Ltd. Erection Engineer (2 years)
Mr. Krushan Lal Swami	48	Executive Director & Group CFO	25,49,760	B.Com, LL.B., PGDBM, AICWA, ACS, CAIIB, AMP (ISB)	28	15.06.2000	Amforge Industries Ltd Vice President (Finance) (4 years)

Notes:

- Remuneration includes Salary, Perquisites, other benefits, Allowances, Company's contribution to PF & Super Annuation Funds, reimbursement of medical expenses and monetary value of perquisites evaluated in accordance with the Income Tax Rules.
- 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

Three new CNC machines were launched in 2006-07 and a new Hi speed version of our Vertical Machining Centre was also introduced.

##### AIR-CONDITIONING & REFRIGERATION

- Development of 2 Tr and 3 Tr duct able split unit.
- Development of 5 Tr Hide Way Unit.

##### TEXTILE AIR ENGINEERING

Sr. No.	Product / Model / Specification	
1.	Flap Type outlet valve for Compactor	Developed
2.	Direct fixing of Dampers and Doors (without grouting)	Developed
3.	Polycarbonate door handles	Developed

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

- Improved market share.
- Improvement in quality.
- Cost reduction and better utilization of resources.

##### III. Development Plans

##### MACHINE TOOLS

To launch one new CNC machine in 2007-08.

##### TEXTILE AIR ENGINEERING

Sr. No.	Product / Model / Specification	
1.	Centrifugal Fan	Field trials being conducted
2.	IFS cum Compactor	Field trials being conducted

##### IV. EXPENDITURE ON R & D

(Rs. In Lacs)

	TOTAL
A. CAPITAL	45.00
B. RECURRING	30.00
TOTAL	75.00

Total R & D expenses as a percentage of turnover 0.59 %

##### B TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

##### Information regarding imported technology during the last 5 years.

Sr. No.	Technology imported	Year of Import	Status
1.	Mazzini ICI, Italy for Textile Air Engineering Products	1996-2000	Fully Absorbed

**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 present strength of Board of Directors is Nine as on 31<sup>st</sup> March, 2007, whose composition and category is given below:

**COMPOSITION AND CATEGORY**

One - Promoter, Executive Director

Two - Non Promoter, Executive Directors

Five - 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 their other Directorships or Committee Memberships is as under:

Name of Director	Category	No. of other Directorship	No. of membership of Board Committees	No. of Board Committees for which Chairperson
Mr. Nirmal Bhogilal	Promoter, Executive	2	1	-
Mr. S. D. S Mongia	Independent, Non – Executive	1	1	-
Mr. V. R. Kirloskar	Independent, Non- Executive	8	2	-
Mr. E. A. Kshirsagar	Independent, Non- Executive	3	4	3
Mr. Subodh Bhargava	Independent, Non- Executive	12	8	3
Mr. Ameet Hariani	Independent, Non- Executive	2	1	-
Mr. M.V.Subbiah #	Independent, Non- Executive	5	1	1
Mr. S. Ravi	Nominee Director	10	7	5
Mr. George Verghese	Non-Promoter, Executive Director	1	-	-
Mr. Krushan Lal Swami	Non- Promoter, Executive Director	2	1	-

# Resigned as a Director w.e.f. 7.07.2006

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

During the year ended 31<sup>st</sup> March, 2007, Five Board Meetings were held on 27<sup>th</sup> April, 2006, 19<sup>th</sup> July, 2006, 14<sup>th</sup> October, 2006, 16<sup>th</sup> January, 2007 and 26<sup>th</sup> March, 2007

Name of Director	No. of Board Meetings attended	Attendance at the last AGM held on 19th July, 2006
Mr. Nirmal Bhogilal	5	Present
Mr. S. D. S Mongia	4	Present
Mr. V. R. Kirloskar	2	No
Mr. E. A. Kshirsagar	5	Present
Mr. Subodh Bhargava	3	No
Mr. Ameet Hariani	4	Present
Mr. M.V.Subbiah#	Nil	N.A.
Mr. S. Ravi	Nil	No
Mr. George Verghese	5	Present
Mr. Krushan Lal Swami	5	Present

# Resigned as a Director w.e.f. 7.07.2006

## Batliboi Ltd.

### 3. AUDIT COMMITTEE:

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

#### BROAD TERMS OF REFERENCE

The Audit Committee shall have 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, in case the same is existing.
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.

# Appointed w.e.f 27.04.2006

@ Appointed w.e.f 11.10.2006

#### Meeting and Attendance :

During the year ended 31<sup>st</sup> March, 2007 four Audit Committee Meetings were held on 26<sup>th</sup> April, 2006, 19<sup>th</sup> July, 2006, 14<sup>th</sup> October, 2006 and 16<sup>th</sup> January, 2007

<u>Name of Director</u>	<u>No. of Meetings attended</u>
Mr. S D S Mongia :	3
Mr. E. A. Kshirsagar :	4
Mr. Subodh Bhargava :	1
Mr. Ameet Hariani :	2

**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 VPs or GMs) and recommend suitable revision to the Board.

**COMPOSITION**

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

The Constitution of the Remuneration Committee is as follows:

- |                          |   |   |
|--------------------------|---|---|
| 1. Mr. E. A. Kshirsagar  | - | Independent & Non - Executive Director (Chairman)       |
| 2. Mr. S D S Mongia      | - | Independent & Non - Executive Director                  |
| 3. Mr. S. Ravi           | - | Independent & Non - Executive Director (Nominee of UTI) |
| 4. Mr. Subodh Bhargava # | - | Independent & Non - Executive Director                  |

# Appointed w.e.f 21<sup>st</sup> April, 2007

**MEETINGS AND ATTENDANCE**

The Committee met once on 15<sup>th</sup> June, 2006 during the Financial Year ended 31<sup>st</sup> March, 2007

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

**REMUNERATION POLICY**

The remuneration of the Executive Directors is determined by the Remuneration Committee within the salary scale approved by the Members. 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 for its Directors and Employees.

The Company pays to its Non-Executive Directors (NED's) Sitting Fee of Rs.15,000/- per Board Meeting, Rs 10000/- per Audit Committee Meeting, Remuneration Committee Meeting and Strategic Planning Committee Meeting respectively and Rs.5,000/- per Shareholders' /Investors' Grievance & Share Transfer Committee Meeting and Finance Committee Meeting respectively. The Shareholders have at the last Annual General Meeting of the Company held on 19<sup>th</sup> July, 2006, approved 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 over a period of five years commencing from the Financial Year 2006-2007 extending upto and including the Financial Year 2010-2011. 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. SDS Mongia holds 500 Equity Shares constituting negligible percentage of the Paid –up Equity Share Capital of the Company. All other Non-Executive Directors hold Nil Shares in the Company.

**DETAILS OF REMUNERATION TO ALL THE DIRECTORS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2007**

(Figures in Rs.)

Name of the Director	Salary	Benefits	Commission ###	Sitting Fees	Total	Service contract/ Notice period/ Severance fees
Mr. Nirmal Bhogilal	25,80,000	33,99,277	—	—	59,79,277	Five years Contract and Notice Period six months
Mr. S. D. S Mongia	—	—	1,50,000	85,000	2,35,000	Retirement by rotation
Mr. V. R. Kirloskar	—	—	50,000	25,000	75,000	— do —
Mr. E. A. Kshirsagar	—	—	2,00,000	1,15,000	3,15,000	— do —
Mr. Subodh Bhargava	—	—	1,00,000	50,000	1,50,000	— do —
Mr. Ameet Hariani	—	—	1,00,000	1,44,000	2,44,000	— do —
Mr. M.V. Subbiah#	—	—	—	—	—	— do —
Mr. S. Ravi	—	—	—	—	—	Nominee Director of UTI
Mr. George Verghese @	24,57,400	10,45,228	—	—	35,02,628	Three years Contract and Notice Period six months
Mr. Krushan Lal Swami *	13,62,000	11,87,760	—	—	25,49,760	Five years Contract and Notice Period six months

# Resigned w.e.f. 7.07.2006

@ The Salary of Mr. George Verghese includes Rs. 8,95,000/-, paid as One Time Performance Bonus based on the performance of Textile Air Engineering Business Group

\* The Salary of Mr. Krushan Lal Swami includes Rs. 1,50,000/-, paid as One Time Performance Bonus based on the performance of Corporate Finance.

### The Commission for the year ended 31<sup>st</sup> March, 2007 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 28<sup>th</sup> July, 2007

## Batliboi Ltd.

### NOTES ON DIRECTORS SEEKING RE – APPOINTMENT AS REQUIRED UNDER CLAUSE 49IV(G) OF THE LISTING AGREEMENT ENTERED INTO WITH THE STOCK EXCHANGES.

1. Mr. Vijay Kirloskar, (57), is an industrialist and possesses wide and varied experience in the field of Engineering and General Management. He is Director/ Member of the following Companies/Committees :

Name of the Company	Chariman / Director	Committees of the Board	Chairman /Member
Kirloskar Electric Company Ltd.	Chairman & Managing Director	Shareholders / Investor Grievance Committee	Member
Kirloskar Computer Services Ltd.	Chairman	—	—
Kirloskar Power Equipment Ltd	Chairman	—	—
BEST Trading & Agencies Ltd.	Chairman	—	—
KCS Trading Co. Ltd	Chairman	—	—
Kaytee Switchgear Limited	Chairman & Wholetime Director	Audit Committee	Member
MRF Ltd.	Director	—	—
Kirloskar Power Build Gears Ltd	Director	—	—

2. Mr. Ameet Hariani (45), has wide and varied experience in Real Estate, Intellectual Property, Corporate & Commercial Shipping laws and has represented large organizations in International Arbitration & Disputes.

He is Director/ Member of the following Companies/Committees :

Name of the Company	Chariman / Director	Committees of the Board	Chairman /Member
Brady & Morris Engg. Co. Ltd.,	Director	—	—
Ras Resorts & Apart Hotels Ltd.	Director	Audit Committee	Member

3. Mr. Nirmal Bhogilal (57) is B. Sc. (Engg), Chemical Engg (London University), A.C.G.I. He is overall incharge of day to day management of the Company. He has practical experience of over 30 years in Machine Building & Engineering Industry.

He is Director/ Member of the following Companies/Committees :

Name of the Company	Chariman / Director	Committees of the Board	Chairman /Member
Hindustan Construction Co Ltd.	Director	—	—
Batliboi Environmental Engineering Ltd	Director	Audit	Member

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

#### FUNCTIONS

The Shareholders' / Investors' Grievance and Share Transfer Committee of the Company consists of three members, chaired by an Independent & 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 Shareholders' / Investors' Grievance & Share Transfer Committee is as follows :

Mr. Ameet Hariani	:	Independent & Non – Executive Director (Chairman)
Mr. Nirmal Bhogilal	:	Executive Director
Mr. Krushan Lal Swami #	:	Executive Director

# Appointed w.e.f. 27.04.2006

#### MEETING AND ATTENDANCE :

During the year ended 31<sup>st</sup> March, 2007 nine Shareholders' / Investors' Grievance and Share Transfer Committee Meetings were held on 27<sup>th</sup> April, 2006, 19<sup>th</sup> July, 2006, 8<sup>th</sup> September, 2006, 14<sup>th</sup> October, 2006, 23<sup>rd</sup> November, 2006, 22<sup>nd</sup> December, 2006, 16<sup>th</sup> January, 2007, 19<sup>th</sup> February, 2007 and 26<sup>th</sup> March, 2007

Name of Director	No. of Meetings attended
Mr. Ameet Hariani	: 9
Mr. Nirmal Bhogilal	: 9
Mr. Krushan Lal Swami	: 9

#### COMPLIANCE OFFICER

The Board has appointed Mr. B B Vanwari – Vice President (Legal) & Company Secretary as the Compliance Officer.

#### DETAILS OF INVESTOR'S COMPLAINTS

There were no complaints pending at the beginning of the year, the Company had received and resolved 65 Complaints during the year under review. There were no outstanding complaints as on 31<sup>st</sup> March, 2007.

**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
2003-2004	31-07-2004	Walchand Hirachand Hall, Indian Merchant Chambers, Churchgate, Mumbai 400020	3.00 P.M
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

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

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

**7. DISCLOSURES:**

- The 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, 2007.
- None of the transactions with any of the management personnels of the company were in potential conflict with the interest of the Company at large.
- The Company has complied with all the mandatory requirements. The Company has also complied with non- mandatory requirement relating to setting up Remuneration Committee of the Board to determine inter –alia the Company's policy on remuneration package for Executive Directors' and other Senior Directors / Personnel.
- The Company has also complied with the non- mandatory requirement of formation of Whistle Blower Policy for its employees and is in the process of adoption of the same.
- 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:**

- 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.
- The financial results of the Company are posted on the Company's website (www.batliboi.com) and were published in the newspapers as under :

Year Ended 31.03.2006	-	Free Press Journal, Nav Shakti, The Hindu - Business Line, The Economic Times
Quarter Ended 30.06.2006	-	Free Press Journal, Nav Shakti, The Hindu - Business Line, The Economic Times
Quarter / Half year ended 30.09.2006	-	Free Press Journal, Nav Shakti, The Hindu - Business Line, The Economic Times
Quarter / Nine Months ended 31.12.2006	-	Free Press Journal, Nav Shakti, The Hindu - Business Line, The Economic Times

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

**9. GENERAL SHAREHOLDER INFORMATION:**

Registered Office	:	Bharat House, 5 <sup>th</sup> Floor 104, Bombay Samachar Marg, Fort, Mumbai 400001.
Annual General Meeting	:	Date and Time : 28 <sup>th</sup> July, 2007 at 2.00 P.M. Venue: Walchand Hirachand Hall, Indian Merchant Chambers, Churchgate Mumbai 400020
Financial Period	:	12 months ended 31 <sup>st</sup> March 2007
Date of Book Closure	:	21 <sup>st</sup> July, 2007 to 28 <sup>th</sup> July, 2007 (both days inclusive)
Dividend Payment date	:	17 <sup>th</sup> August, 2007
Listing	:	Company's Equity shares are listed on Bombay Stock Exchange Limited (BSE) & National Stock Exchange of India Limited (NSE)
Stock Code	BSE :	522004
	NSE :	BATLIBOI
Demat ISIN Number in NSDL/ CDSL for Equity Shares	:	INE 177C01014
Market Price Data	:	During the year ended 31 <sup>st</sup> March 2007, the highest price and the lowest price recorded for each month on the BSE & NSE (w.e.f. 20 <sup>th</sup> December, 2006) are as follows:

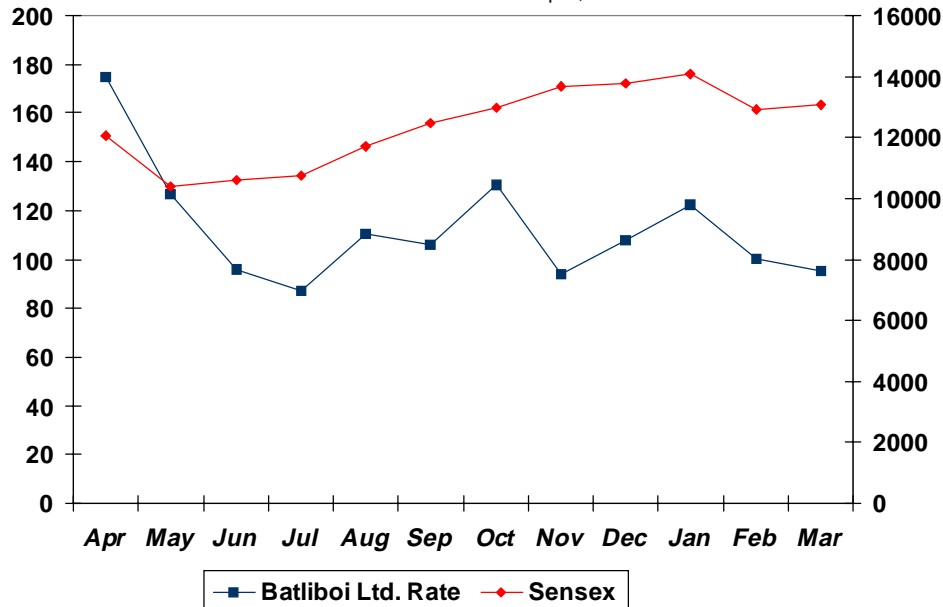
## Batliboi Ltd.

BSE

Rate (Rs.)

Month	Highest	Lowest
April 2006	185.80	135.65
May 2006	198.95	125.35
June 2006	133.50	82.50
July 2006	98.90	66.00
August 2006	116.80	81.10
September 2006	116.80	99.00
October 2006	119.90	102.15
November 2006	109.90	91.30
December 2006	111.70	85.00
January 2007	131.40	105.45
February 2007	127.40	95.00
March 2007	106.50	83.00
20 <sup>th</sup> April, 2007	113.40	105.20

Market Price as on



NSE (Listing w.e.f.20<sup>th</sup> December,2006)

Rate (Rs.)

Month	Highest	Lowest
December 2006	112.00	93.00
January 2007	132.00	100.80
February 2007	128.00	98.00
March 2007	107.40	82.25
20 <sup>th</sup> April, 2007	113.40	105.20

Market Price as on

### Distribution of Shareholding as on March 31, 2007:

#### Range (No. of Shares)

From	To	Total Holders	% of Total Holders	Total Holdings	% of Total Capital
0	500	11755	96.15	1122640	8.32
501	1000	270	2.21	224356	1.66
1001	2000	97	0.79	149639	1.11
2001	3000	34	0.28	89087	0.66
3001	4000	10	0.08	34498	0.25
4001	5000	16	0.13	73103	0.54
5001	10000	17	0.14	123544	0.92
10001	& above	27	0.22	11684408	86.54
	<b>Total</b>	<b>12226</b>	<b>100.00</b>	<b>13501275</b>	<b>100.00</b>



Shareholding Pattern as on 31<sup>st</sup> March, 2007

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares As a percentage of(A+B)
<b>(A) Shareholding of Promoter and Promoter Group</b>					
<b>1 Indian</b>					
(a)	Individuals/ Hindu Undivided Family	19	10052345	9441825	74.45
(b)	Bodies Corporate	3	729500	0	5.40
	<b>Sub Total(A)(1)</b>	<b>22</b>	<b>10781845</b>	<b>9441825</b>	<b>79.85</b>
<b>2 Foreign</b>					
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	1	99900	0	0.74
	<b>Sub Total(A)(2)</b>	<b>1</b>	<b>99900</b>	<b>0</b>	<b>0.74</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>23</b>	<b>10881745</b>	<b>9441825</b>	<b>80.59</b>
<b>(B) Public shareholding</b>					
<b>1 Institutions</b>					
(a)	Mutual Funds/ UTI	1	175	0	0.00
(b)	Financial Institutions / Banks	6	35641	35241	0.26
(c)	Insurance Companies	1	300	0	0.00
	<b>Sub Total(B)(1)</b>	<b>8</b>	<b>36116</b>	<b>35241</b>	<b>0.26</b>
<b>B2 Non-Institutions</b>					
(a)	Bodies Corporate	330	519624	499329	3.85
(b)	Individuals				
i.	Individual shareholders holding nominal share capital up to Rs 1 lakh	11799	1572987	1149055	11.66
ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	1	10500	10500	0.08
(c)	Any Other (Non Residents)	65	480303	55768	3.56
	<b>Sub-Total (B)(2)</b>	<b>12195</b>	<b>2583414</b>	<b>1714652</b>	<b>19.15</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>12203</b>	<b>2619530</b>	<b>1749893</b>	<b>19.41</b>
<b>GRAND TOTAL (A)+(B)</b>		<b>12226</b>	<b>13501275</b>	<b>11191718</b>	<b>100.00</b>

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: 66711251 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 Vice President (Legal) & Company Secretary or Executive Director & Group CFO pursuant to powers delegated to them by the Board of Directors.

As on 31<sup>st</sup> March, 2007, 10 transfers in respect of 325 Equity shares were pending which were processed by 7<sup>th</sup> April, 2007.

Dematerialisation of Shares : The Shares of the Company have been put on Compulsory Demat.

**As on 31.3.2007**

	<u>No. of Shares</u>	<u>%</u>
Demat	1,11,91,718	82.90
Physical	23,09,557	17.10
	<u>1,35,01,275</u>	<u>100</u>

Outstanding GDR/ ADR	:	Not applicable
Plant Location	:	P. O. Fateh Nagar, Surat Navsari Road, Udhna - 394 220
Address for Correspondence	:	Bharat House, 5 <sup>th</sup> Floor 104, Bombay 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****NIRMAL BHOGILAL**  
**CHAIRMAN & MANAGING DIRECTOR****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 2007 as stipulated in Clause 49 of the Listing Agreement entered of the said Company with the Stock Exchanges.

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 Shareholders' / Investors' Grievance & Share Transfer Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V. Sankar Aiyar & Co.****S. VENKATRAMAN**  
PartnerPlace : Mumbai  
Dated : 21<sup>st</sup> April, 2007

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

The management of Batliboi Ltd. presents the analysis of Segment wise performance of your Company for the year 2006-2007 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 developments, both in India and abroad.

### BATLIBOI MACHINE TOOLS GROUP (BMTG)

#### An Overview

At the Machine Tool Manufacturing facilities, both Conventional and CNC machine tools are produced and marketed internationally and domestically. In Machine Tool Distribution activities, your Company acts as agents for leading international manufacturers and also some Indian machine tool builders. The Foundry is primarily captive to the Company's Machine Tools, Air-conditioning and Textile Air Engineering Divisions. A small percentage of output is also supplied to some other machinery manufacturers.

#### Business Environment

Robust growth continued in the entire machine tools industry. Always considered the mother machines that drive downstream industrial growth, the double digit growth has reflected the 9% growth in GDP, and specifically the 11% growth in manufacturing. This growth has been driven by the automotive, auto ancillary and consumer durables segments.

There has been growth in both the segments that we operate in - CNC and conventional machines - indicating that industry has now become more discerning in selectively using higher technology products, only where value is added by them.

#### Performance of the Group

The Machine Tools Group comprises the Machine Tool Manufacturing activities as well as the Foundry, both situated at Udhna, Surat. It also includes Machine Tool Distribution of domestic and international products not manufactured within the group. The turnaround reported in 2005-2006 was further consolidated and the Group has shown substantially improved performance in 2006-2007.

Your Company participated in IMTEX 2007 in Bangalore which is the largest international exhibition for Machine Tools that is held in India. The latest range of CNC machines exhibited by your Company together with some products of international Principals, whom your Company represents, brought excellent response from customers. Participation has helped in improving our reach to customers as well as enhancing our image as a reputed builder and marketer of Machine Tools.

#### a. Machine Tool Manufacturing and Foundry at Surat

Concerted efforts on both the marketing and production fronts have resulted in a 50% growth in revenue and a 200% improvement in the bottom line. Order booking has increased 48% and the year-end order back log has increased by 20%. The growth in our major segments, CNC and conventional machines has been encouraging.

#### b. Machine Tools Distribution

The division has continued to expand its offerings in the projects segment. Imported machines were affected by delays in finalization of certain large value orders. Overall sales growth has been flat; however this division too starts off with a healthy order backlog.

During the year, the division continued to focus on enhancing offerings in the medium range and has added several new agencies, which should yield improved business in 2007-2008.

#### Opportunities & Threats

The large investments taking place across Indian industry in the capital goods industry and specifically on plant and machinery would be the major drivers for business in the machine tool industry. Your company has a very strong presence in the conventional machines segment and there is a clear trend amongst buyers to focus on "value" in their purchases, as a result of which continued demand is assured in this segment. The reduction in customs duties and the consequent easier access to imports, even in this segment, could be a possible threat, going forward.

In the CNC segment, fuelled by expansion in the mass manufacturing industries, the ever increasing need for speed, accuracy and automation even at the entry level, points at a continuation of the high growth rates. Customers are becoming

## **Batliboi Ltd.**

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more demanding in terms of quality, reliability and economics of manufacturing, and on these expectations, your company continues to improve its offerings through improved quality and technology.

Improved demand for machines not manufactured competitively in India will have a positive bearing on the prospects for the Machine Tool Distribution activities.

### **Prospects**

Overall, the growth in the Machine Tool business is expected to continue in 2007-2008 and greater interest from the International manufacturers in local sourcing is expected. In the conventional machines segments, your Company expects to consolidate and expand on its after sales service standards as a conscious strategy to retain customer loyalty. For CNC machines, the introduction of new products during 2006-2007 will be consolidated to add new segments and the aggressive marketing initiatives will continue to extend our reach and expand the customer base. Your Company will also focus on initiatives to further de-bottleneck manufacturing and introduce systems to improve the overall reliability and reduce costs.

The acquisition of Quickmill Inc. as elaborated in the Directors' Report will not only give your Company a global footprint but also give further opportunity for exports through Quickmill's distribution network in North America.

## **BATLIBOI TEXTILE ENGINEERING BUSINESS**

### **An Overview**

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.

### **Business Environment**

The textile industry continues to move at an accelerated pace with additions in capacities all over the country. It is estimated that the total textile market in India will grow from its current \$52 billion to \$110 billion by 2012. There is a proposal to set up special integrated textile parks, textile clusters and SEZs for apparel and other textile products. Spinning capacities to the tune of 3 – 3.5 million spindles are likely to be added in 2007-2008.

Various relief measures announced for the industry in the current budget in terms of rationalizing of customs and excise duty and extension of the Technology Upgradation Fund Scheme (TUFS) will give additional boost for the growth of the textile industry.

### **Performance of the Group**

#### **a. Batliboi Textile Machinery Group(BTMG):**

During the year, the entire Textile Machinery business of your Company was restructured forming one strategic Business Group, which included the Spinning, Knitting, Processing and Garment businesses. This was primarily done to provide more focus on this high growth area as well as look for growth opportunities with the addition of new product lines. This business group set out on this path, with the addition of several important products and principals posted a growth of about 25% in the above mentioned businesses.

The business for spinning machinery showed a good growth of 50% in sales. This trend is likely to continue in the current year. However the decision by the Principal, Saurer-Czech to take over the spare parts and service business will affect the margins in the Open end machinery business. During the year the agency for preparatory spinning machines was finalized with Jinsheng-Saurer, which is the Chinese operation of the internationally renowned textile machinery supplier – Saurer. This agency is expected to provide substantial growth in the coming years.

The Knitting Machinery business as predicted showed a very good growth with a record of 180 machines supplied during the year. The outlook for the current year also looks promising with further growth expected.

The Processing Machinery business did not do well as expected. However, with the addition of new Principals who are world leaders, this business is expected to show good growth in 2007-2008.

The Garment Machinery business came into its own with increased business and addition of important agencies in

the field of cutting and spreading and CAD/CAM systems. This will enable further growth in 2007-2008.

Overall this Business Group is projecting a healthy growth in 2007-2008 with rise in income in all the areas of business.

**b. Textile Air Engineering Group (TAE) :**

During the year the Group was steadfastly able to maintain its market share and retained its position as a leader in textile air engineering business. The revenue growth has been 35%, while order booking grew by 23%. The pending order position for execution during 2007-2008 is healthy.

The Group participated in two major exhibitions in Pakistan and Bangladesh during the year viz. IGATEX in April 2006 at Karachi & Dhaka and Textile Garment Exhibition in February, '07 at Dhaka. Participation in these potential markets with your Company's improved and complete product range brought encouraging response from large number of business visitors.

**Opportunities & Threats:**

With the extension in TUFS, many mills that had put their projects on hold are rushing to take advantage and are adding capacities. Textile Mills are investing large amounts for modernizing and in expanding the capacities and several green field projects are also planned. Your Company is geared up very well to take up this new challenge and opportunity.

The threat from international players is heightened due to their aggressive as well as their low pricing on account of localized operations.

**Prospects:**

The increased demand for textiles both locally and internationally will enhance large investments in not only spinning but also in weaving and knitting sectors. Therefore, good growth in the coming years is expected.

**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. It also supplies precision air conditioning systems to the Telecommunications and IT Industry.

**Business Environment**

The growth rate of this industry has been approximately 20% and is expected to grow in the similar manner over the next few years. Now technology like Screw Chillers and Scroll Compressors, which are energy efficient, have also provided impetus to growth.

**Performance of the Division**

The performance of this Division was disappointing and reported an overall loss for the year. New products of 2 Tr and 3 Tr Ductable Split Units were developed during the year.

**Opportunities & Threats**

Whilst the opportunities of growth are substantial since the market share of the Division is extremely low, the threats are therefore also there from the larger players who have developed strategies to maintain their market share. New multinational entrants have also entered the market.

**Prospects**

The division expects to make a turnaround in 2007-2008 and return to profitability.

**HUMAN RESOURCES.**

The total number of employees was 651 as on March 31, 2007.

Technical training for manufacturing personnel and productivity improvement were the main focus areas during 2006-2007. Your Company engaged BITS Pilani for basic as well as high end engineering training of all our engineers at manufacturing site. BITS Pilani had conducted 11 modules on all topics related to manufacturing activities and 50% of the technical

## **Batliboi Ltd.**

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manpower i.e., Engineers and Managers have undergone training which was for altogether 22 days during the year. The same course will be repeated during 2007-2008 and the remaining 50% of technical manpower will be covered.

Your Company had undertaken focused and detailed productivity improvement initiatives in machine tool manufacturing at its facilities at Udhna, Surat. Issues were to remove bottle necks in manufacturing activities. These initiatives are still continuing. Productivity has increased substantially without deploying additional machinery or infrastructure. This initiative was project based and cross functional teams worked upon it.

With the growth of Indian Industry, there is a shortage of trained and experienced manpower. This has also resulted in substantial growth in salaries of personnel in the engineering and manufacturing industry. Your Company had commissioned a salary survey through Management Consultants and realigned salaries to meet the situation. This exercise will be continued in future.

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 of four Independent & 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 Discussion 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.

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**AUDITORS' REPORT**

The Members of Batliboi Ltd.

We have audited the attached balance sheet of Batliboi Ltd., as at 31<sup>st</sup> March, 2007 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 31<sup>st</sup> March, 2007 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 31<sup>st</sup> March, 2007.
  - (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  
M. No.: 34319

Place : Mumbai  
Date : 21<sup>st</sup> April, 2007

## Batliboi Ltd.

### Annexure referred to in our report to the Members of Batliboi Ltd. for the year ended 31<sup>st</sup> March, 2007

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 amounts involved during the year was Rs. 218 Lakhs and the year end balance aggregates Rs. 178 Lakhs.  
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, 2007, of income tax, wealth tax, service tax, customs duty or cess that have not been deposited on account of any dispute. In respect of sales tax and excise duty dues not deposited on account of disputes, the details of amounts involved and the forum where the disputes are pending, are as under:-
- | Forum where dispute is pending                                      | Amount (Rs. Lacs) |
|---|-------------------|
| Sales Tax Appellate / Revisional Authority-up to Commissioner Level | 58.31             |
| Sales Tax Appellate Authority-Tribunal                              | 71.28             |
| Central Excise Appellate Tribunal                                   | 1.23              |
11. The Company does not have accumulated losses as at 31<sup>st</sup> March, 2007. 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, 2007, 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

Membership No.: 34319

Place : Mumbai

Date : 21<sup>st</sup> April, 2007

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2007**

Rs. in lacs

	Schedule	As at 31-Mar-07	As at 31-Mar-06
<b>I. SOURCES OF FUNDS</b>			
1. (a) Share Capital	1	1,715.22	1,867.20
(b) Reserves and Surplus	2	2,687.23	1,685.54
		<u>4,402.45</u>	<u>3,552.74</u>
<b>2. Loan Funds :</b>			
(a) Secured Loans	3	706.06	860.22
(b) Unsecured Loans	4	253.00	438.00
		<u>959.06</u>	<u>1,298.22</u>
<b>3. Deferred Tax Liabilities ( Net )</b>			
		<u>179.11</u>	<u>123.41</u>
		<u>5,540.62</u>	<u>4,974.37</u>
<b>II APPLICATION OF FUNDS :</b>			
<b>4. Fixed Assets</b>			
(a) Gross Block	5	9,967.05	9,742.16
(b) Less: Depreciation/Amortisation to date		5,455.87	5,309.96
(c) Net Block		4,511.18	4,432.20
(d) Capital Work-in-Progress		22.54	23.17
<b>5. Investments</b>			
	6	1,059.59	442.49
<b>6. Current Assets, Loans and Advances</b>			
(a) Inventories	7	2,348.07	1,842.64
(b) Sundry Debtors	8	2,056.96	1,711.17
(c) Cash and Bank Balances	9	261.20	253.43
(d) Loans and Advances	10	1,158.30	969.76
		<u>5,824.53</u>	<u>4,777.00</u>
<b>Less : Current Liabilities and Provisions</b>			
(a) Current Liabilities	11	5,051.67	4,012.85
(b) Provisions		825.55	687.64
		<u>5,877.22</u>	<u>4,700.49</u>
<b>Net Current Assets</b>		<u>(52.69)</u>	<u>76.51</u>
		<u>5,540.62</u>	<u>4,974.37</u>
<i>Significant Accounting Policies &amp; Notes to the Accounts</i>	17		

As per our report attached of even date

For and On Behalf of the Board of Directors

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

**NIRMAL BHOGILAL**  
Chairman & Managing Director

**KRUSHAN LAL SWAMI**  
Executive Director  
& Group CFO

**S. VENKATRAMAN**  
Partner

**B. B. VANWARI**  
Vice President (Legal)  
& Company Secretary

Mumbai  
Dated : 21st April, 2007

Mumbai  
Dated : 21st April, 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2007

	SCHEDULE	Year Ended 31-Mar-07	Rs. in lacs Year Ended 31-Mar-06
<b>INCOME :</b>			
1. Gross Turnover	12	14,219.65	10,975.26
Less: Excise Duty		1,412.62	907.38
Net Sales		12,807.03	10,067.88
2. Other Income	13	440.94	332.64
<b>TOTAL INCOME</b>		<b>13,247.97</b>	<b>10,400.52</b>
<b>EXPENDITURE :</b>			
3. Cost of Sales, Job Contracts and Services	14	7,221.13	5,754.51
4. Employees' Remuneration	15	1,832.99	1,533.71
5. Other Expenses	16	1,922.38	1,561.12
6. Interest - (Net)		99.03	117.50
7. Depreciation/Amortisation		184.25	148.88
8. Deferred Revenue Expenditure		-	10.65
<b>TOTAL EXPENDITURE</b>		<b>11,259.78</b>	<b>9,126.37</b>
<b>9. Profit/(Loss) before Tax</b>		<b>1,988.19</b>	<b>1,274.15</b>
10. Provision for Taxation			
For Fringe Benefit Tax		37.99	48.58
For Current Tax		572.62	112.46
For Deferred Tax (Net)		55.70	256.41
<b>11. Profit/(Loss) after Tax for the year</b>		<b>1,321.88</b>	<b>856.70</b>
12. Add : Balance as per last Balance Sheet		683.06	204.43
		<b>2,004.94</b>	<b>1,061.13</b>
<b>APPROPRIATIONS</b>			
13. Proposed Dividend			
- On Preference Shares		3.65	5.17
- On Equity Shares		270.03	202.50
14. Dividend Distribution Tax		46.51	29.13
15. Transfer to Capital Redemption Reserve		152.12	91.27
16. Transfer to General Reserve		100.00	50.00
17. Balance carried to Balance Sheet		1,432.63	683.06
		<b>2,004.94</b>	<b>1,061.13</b>
<b>18. Earnings per Share (Basic &amp; Diluted)</b> (Face Value of Rs.10/- per Share)		<b>9.76</b>	<b>6.35</b>
<i>Significant Accounting Policies &amp; Notes to the Accounts</i>	17		

As per our report attached of even date

For and On Behalf of the Board of Directors

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

Chartered Accountants

**NIRMAL BHOGILAL**

Chairman &amp; Managing Director

**KRUSHAN LAL SWAMI**Executive Director  
& Group CFO**S. VENKATRAMAN**

Partner

**B. B. VANWARI**Vice President (Legal)  
& Company Secretary

Mumbai

Dated : 21st April, 2007

Mumbai

Dated : 21st April, 2007

**Batliboi Ltd.****SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2007**

Rs. in lacs

		As at 31-Mar-07	As at 31-Mar-06
<b>SCHEDULE 1 : SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
1,35,10,000	(1,35,10,000) Equity Shares of Rs.10/- each	<b>1,351.00</b>	1,351.00
16,50,000	(16,50,000) Preference Shares of Rs. 100/- each	<b>1,650.00</b>	1,650.00
		<b>3,001.00</b>	3,001.00
<b>ISSUED,SUBSCRIBED AND PAID-UP</b>			
1,35,01,275	(1,35,01,275) Equity Shares of Rs.10/- each fully paid	<b>1,350.13</b>	1,350.13
	Less:Allotment money in arrears (Other than from Directors)	-	(0.14)
6,08,480	(6,08,480) 7 Years, 1% Non Cumulative Redeemable Preference Shares of Rs.100/- each fully paid, of which Rs.40/- each redeemed upto 31st March, 2007	<b>365.09</b>	517.21
		<b>1,715.22</b>	1,867.20

*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) 17,50,000 Equity Shares of 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) 6,08,480 1% Non Cumulative Redeemable Preference Shares of Rs.100 each (1% NCRPS) were issued on 29th March, 2001 as fully paid pursuant to the settlement arrived at with UTI for repayment of Debentures earlier issued to them [Refer Note:II -1 (c)]. These shares are redeemable as under :
  - i) Rs.15/- per share on the expiry of the 5th year - since redeemed during previous year.
  - ii) Rs.25/- per share on the expiry of the 6th year - since redeemed during the year.
  - iii) Rs.60/- per share on the expiry of the 7th year.

**SCHEDULE 2 - RESERVES AND SURPLUS**

Rs. In lacs

	Balance as at 01/04/2006	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	<b>Balance as at 31/3/2007</b>
Capital Redemption Reserve	103.77	152.12	-	<b>255.89</b>
Securities Premium Account	393.01	-	-	<b>393.01</b>
General Reserve	442.65	100.00	-	<b>542.65</b>
Investment Allowance Reserve Utilised	63.05	-	-	<b>63.05</b>
	1,002.48	252.12	-	<b>1,254.60</b>
Balance in Profit & Loss Account	683.06	1,321.88	572.31	<b>1,432.63</b>
	1,685.54	1,574.00	572.31	<b>2,687.23</b>



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2007**

Rs. in lacs

	As at 31-Mar-07	As at 31-Mar-06
<b>SCHEDULE 3 - SECURED LOANS</b>		
1. FROM BANKS [Refer Note:II -7 a, b & c]		
(a) Cash Credit and Working Capital Borrowings	217.96	349.96
(b) Funded Interest Term Loan [Repayable within one year Rs.38.76 Lacs(P.Y.Rs.48.45 lacs)]	57.80	87.94
(c) Term Loan (Repayable within one year Rs.75.90 (P.Y. Rs.70.00))	430.06	352.75
(d) Short Term Foreign Currency Loan	-	68.60
(e) Vehicle Loan - (Term Loan) [Repayable within one year Rs.0.24 lacs(P.Y. Rs.0.73 Lacs)]	0.24	0.97
	<b>706.06</b>	860.22
<b>SCHEDULE 4 - UNSECURED LOANS</b>		
1. Loans from Directors	75.00	235.00
2. Inter Corporate Loans [Repayable within one year Rs Nil (P.Y Rs 25.00 Lacs)]	178.00	203.00
	<b>253.00</b>	438.00

**SCHEDULE 5 - FIXED ASSETS**

Rs. in lacs

ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1/4/2006	Additions/ Adjustments	Deductions/ Adjustments	As at 31/3/2007	Upto 31/3/2006	For the Year	Deductions/ Adjustments	Upto 31/3/2007	As at 31/3/2007	As at 31/3/2006
Land (Freehold)	1,895.23	--	---	1,895.23	---	---	---	---	1,895.23	1,895.23
Buildings										
On Freehold Land	1,154.78	69.54	8.69	1,215.63	427.75	27.71	4.34	451.12	764.51	727.03
On Leasehold Land	52.73	--	---	52.73	26.41	1.50	--	27.91	24.82	26.32
Plant & Machinery	5,452.01	129.18	20.00	5,561.19	3,978.60	79.68	18.00	4,040.28	1,520.91	1,473.41
Office equipment/ computers etc.	652.32	48.82	16.88	684.26	493.49	41.93	15.36	520.06	164.20	158.83
Furniture,Fixtures,Fans and Electrical Fittings	154.82	18.39	0.86	172.35	90.37	12.40	0.64	102.13	70.22	64.45
Vehicles	52.67	5.39	--	58.06	39.95	2.48	--	42.43	15.63	12.72
Intangible Assets-Tech. Know-how	327.60	--	--	327.60	253.39	18.55	--	271.94	55.66	74.21
<b>TOTAL</b>	<b>9,742.16</b>	<b>271.32</b>	<b>46.43</b>	<b>9,967.05</b>	<b>5,309.96</b>	<b>184.25</b>	<b>38.34</b>	<b>5,455.87</b>	<b>4,511.18</b>	<b>4,432.20</b>
(Previous Year)	(8,800.43)	(972.32)	(30.59)	(9,742.16)	(5,177.92)	(148.88)	(16.84)	(5,309.96)	(4,432.20)	--
Capital Work-in-Progress (Previous Year)									22.54	23.17
									(23.17)	--
<b>TOTAL</b>									<b>4,533.72</b>	<b>4,455.37</b>
(Previous Year)									(4,455.37)	--
For depreciation Refer Note I -(6)										

## Batliboi Ltd.

### SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2007

Rs. in lacs

	Numbers 31-Mar-07	Numbers 31-Mar-06	Face Value (Each Rs.)	As at 31-Mar-07	As at 31-Mar-06
<b>SCHEDULE 6 - INVESTMENTS (AT COST)</b>					
<b>Long Term Investment</b>					
<b>1. In fully paid Equity Shares (Un-quoted):</b>					
Batliboi Environmental Engineering Ltd. [Refer Note II -7(f)]	4,408,930	4,408,930	10.00	441.21	441.21
<b>2. Trade Investment (Quoted), In fully Paid Equity Shares (Quoted)</b>					
Aturia Continental Ltd.	129,032	129,032	10.00	40.00	40.00
<b>3. Other Investments (Non-trade) (Quoted)</b>					
a) In fully paid Equity Shares (Quoted):					
The Mysore Kirloskar Ltd.	55329	55329	10.00	4.23	4.23
Mafatlal Engg. Ind. Ltd.	348	348	100.00	0.38	0.38
The Ahmedabad Mfg. & Calico Printing Co. Ltd.	20	20	125.00	0.01	0.01
Shri AOBica Mills Ltd.	8	8	100.00	0.01	0.01
The Aruna Mills Ltd.	25	25	100.00	0.01	0.01
The Khatau Makanji Spg. & Wvg. Co. Ltd.	55	55	100.00	0.02	0.02
Padmatex Engg.Ltd.[(as on 31.03.07 Rs.250/-/(Rs.250/-)]	25	25	10.00	-	-
EPC Irrigations Ltd.	10000	10000	10.00	3.00	3.00
<b>SUB-TOTAL</b>				<b>7.66</b>	<b>7.66</b>
b) In fully paid 4% Cumulative Preference Shares (Quoted):					
The Khatau Makanji Spg. & Wvg. Co. Ltd.	5	5	100.00	0.01	0.01
c) In fully paid Equity Shares (Unquoted):					
Andhra Pradesh State Financial Corporation	5	5	100.00	0.01	0.01
Precision Tooling Systems Ltd.	1500	1500	10.00	0.15	0.15
Shree Vardhan Co.op. Bank Ltd.	200	200	25.00	0.05	0.05
The Kohinoor Mills Ltd.[as on 31.03.07 Re.1/-/(Re.1/-)]	4	4	100.00	-	-
The Saraswat Co.op. Bank Ltd. [as on 31.03.07 Rs.50/-/(Rs.50/-)]	5	5	10.00	-	-
The Finlay Mills Ltd.[as on 31.03.07 Re.1/- (Re.1/-)]	13	13	100.00	-	-
Patan Co-operative Bank Ltd.	100	100	25.00	0.03	0.03
Shamrao Vitthal Co.op. Bank Ltd.	2,000	2,000	25.00	0.50	0.50
<b>SUB-TOTAL</b>				<b>0.74</b>	<b>0.74</b>
c) In Mutual Fund units					
HSBC - Floating Rate Fund	6,161,614.68	-	10.00	617.10	-
				<b>1,106.72</b>	<b>489.62</b>
<b>TOTAL</b>				<b>1,106.72</b>	<b>489.62</b>
Less: Provision for diminution in value of investments				<b>(47.13)</b>	<b>(47.13)</b>
				<b>1,059.59</b>	<b>442.49</b>
Quoted : Cost (after reducing provision)				<b>0.54</b>	<b>0.54</b>
Market Value				<b>1.05</b>	<b>4.16</b>
Repurchase price of Mutual Fund units				<b>617.10</b>	<b>-</b>
Unquoted :Cost				<b>441.95</b>	<b>441.95</b>
<b>Investments purchased and redeemed/sold during the year</b>					
<b>Particulars</b>			<b>Face Value</b>	<b>No. of Units</b>	
1. Mutual Funds Units:					
HSBC - Floating Rate Fund			10.00	2,498,475.123	



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2007**

Rs. in lacs

	As at 31-Mar-07	As at 31-Mar-06
<b>SCHEDULE 7 - INVENTORIES</b>		
1. Stores and Spare Parts	46.64	33.66
2. Loose Tools	47.79	33.39
3. Stock of machines, including own manufactured	113.29	69.65
4. Goods in Transit	1.86	37.01
	<u>115.15</u>	106.66
5. Raw Materials	1,039.29	765.84
6. Work-in-Progress	1,093.36	871.02
7. Value of incomplete job contracts carried forward	21.97	82.42
Less: Progress payment received/billing against above	16.13	50.35
[ See Note II -(29) ]		32.07
	<u>2,348.07</u>	<u>1,842.64</u>
Note: [Refer Note I -(9) for mode of valuation]		
<b>SCHEDULE 8 - SUNDRY DEBTORS</b>		
UNSECURED		
1. Debts outstanding for a period exceeding six months		
Considered Good	788.27	733.23
Considered Doubtful	175.17	363.62
Less: Provision for doubtful debts	175.17	363.62
	<u>788.27</u>	<u>733.23</u>
2. Other debts	1,268.69	977.94
	<u>2,056.96</u>	<u>1,711.17</u>
<b>SCHEDULE 9 - CASH AND BANK BALANCES</b>		
1. Cash and Cheques on hand and at collection centres including remittances in transit Rs.Nil (PY Rs.152.22 Lacs)	22.34	159.00
2. Balances with Scheduled Banks :		
In Current Account	78.23	37.11
In Deposit Account (Towards Margin on Guarantees /L/Cs ) (Deposit receipts pledged with the banks)	160.63	57.32
	<u>238.86</u>	<u>94.43</u>
	<u>261.20</u>	<u>253.43</u>

**Batliboi Ltd.****SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2007**

Rs. in lacs

	As at 31-Mar-07	As at 31-Mar-06
<b><u>SCHEDULE 10 - LOANS AND ADVANCES</u></b>		
UNSECURED -CONSIDERED GOOD UNLESS SPECIFIED OTHERWISE		
1. Staff Loans	20.82	18.54
2. Advances recoverable in cash or in kind or for value to be received	1,075.56	891.93
Considered Doubtful	98.95	165.35
Less: Provision for doubtful advances	98.95	165.35
	<u>1,075.56</u>	<u>891.93</u>
3. Balances with Excise, Customs and Port Trust	26.90	16.32
4. Taxes paid in advance and deducted at source (net of Provision for tax)	35.02	42.97
	<u>1,158.30</u>	<u>969.76</u>
<b><u>SCHEDULE 11 - CURRENT LIABILITIES AND PROVISIONS</u></b>		
<b>A. CURRENT LIABILITIES</b>		
1. Sundry Creditors		
a) Due to Small Scale and Ancilliary Industrial Units (Refer Note II -32 )	134.73	79.26
b) Others	3,025.88	2,253.34
2. Advances and Deposits from Customers	1,352.93	1,212.17
3. Other Liabilities	529.52	461.17
4. (a) Unclaimed Matured Deposits	1.01	1.86
(b) Unclaimed Dividend	2.93	-
(c) Unclaimed Matured Debentures	3.78	4.48
(d) Interest Accrued on above	0.89	0.57
	<u>5,051.67</u>	<u>4,012.85</u>
<b>B. PROVISIONS</b>		
1. Provision for Gratuity	505.36	450.84
2. Proposed Dividend	273.68	207.67
3. Dividend Distribution Tax	46.51	29.13
	<u>825.55</u>	<u>687.64</u>
	<u>5,877.22</u>	<u>4,700.49</u>



**SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007**

Rs. in lacs

	Year Ended 31-Mar-07	Year Ended 31-Mar-06
<b>SCHEDULE 12 - GROSS TURNOVER</b>		
1. Sales [Refer Note: II -23]	12,502.38	8,966.15
2. Service Charges	296.41	288.77
3. Commission	866.46	825.93
4. Revenue from Job Contracts	554.40	894.41
	<u>14,219.65</u>	<u>10,975.26</u>
<b>SCHEDULE 13 - OTHER INCOME</b>		
1. Gross Dividend	17.83	-
2. Profit on Sale of Fixed Assets	7.56	37.70
3. Profit on Sale of Investments (Net)	-	1.24
4. Insurance, Railway and Other Claims	9.29	1.10
5. Compensation on Surrender of Tenancy Rights	-	100.00
6. Excess Provision of earlier years written back	136.06	5.87
7. Rent	14.75	15.58
8. Unclaimed Credit Balances appropriated (Net)	49.10	31.28
9. Discounts and Allowances	-	4.31
10. Miscellaneous Receipts	206.35	135.56
	<u>440.94</u>	<u>332.64</u>
<b>SCHEDULE 14 - COST OF SALES, JOB CONTRACTS &amp; SERVICES</b>		
1. Cost of Sales		
Raw Materials Consumed (Refer Note:II -24 & 25)	5,876.00	4,169.32
Less: Self Consumption	866.14	610.38
	<u>5,009.86</u>	<u>3,558.94</u>
2. (Increase)/Decrease in Stocks		
Stock at close :		
Work-in-Process	1,093.36	871.02
Stock of Machines and Own Manufactured Machines (Including excise duty)	113.29	69.65
	<u>1,206.65</u>	<u>940.67</u>
Less :		
Stock at Commencement		
Work-in-Process	871.02	639.39
Stock of Machines and Own Manufactured Machines (Including excise duty)	69.65	79.12
	<u>940.67</u>	<u>718.51</u>
	<b>4,743.88</b>	<b>3,336.78</b>
Less:Self Consumption for Job Contracts	<b>(161.27)</b>	<b>(167.30)</b>
	<u>4,582.61</u>	<u>3,169.48</u>
3. Purchases of goods for Resale ( Incl.expenses)	1,643.58	1,569.27
4. Cost of Job Contracts (includes self Consumption)	510.31	731.61
5. Cost of Services Rendered	116.12	284.15
6. Job work charges incurred	368.51	-
	<u>7,221.13</u>	<u>5,754.51</u>

**SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007**

Rs. in lacs

	<b>Year Ended 31-Mar-07</b>	<b>Year Ended 31-Mar-06</b>
<b><u>SCHEDULE 15 - EMPLOYEES' REMUNERATION</u></b>		
1. Salaries, Allowances and Bonus	<b>1,418.16</b>	1,177.88
2. Contribution to Provident and Other Funds [including inspection charges Rs.5.80 lacs (Rs.5.40 lacs)]	<b>159.65</b>	145.83
3. Payments & Provision for Gratuity	<b>93.67</b>	65.96
4. Staff Welfare Expenses	<b>161.51</b>	144.04
	<b>1,832.99</b>	1,533.71
<b><u>SCHEDULE 16 - OTHER EXPENSES</u></b>		
1. Rent	<b>64.64</b>	71.56
2. Rates and Taxes	<b>11.91</b>	15.71
3. Power and Fuel	<b>174.57</b>	176.41
4. Insurance	<b>17.17</b>	16.48
5. Commission	<b>92.80</b>	78.46
6. Exhibitions/ Advertisement Expenses	<b>168.51</b>	64.73
7. Printing and Stationery	<b>31.75</b>	29.88
8. Travelling and Conveyance	<b>252.11</b>	265.87
9. Audit, Legal and Professional Charges (Refer Note:II -16)	<b>126.72</b>	109.19
10. Bank Commission and other charges	<b>39.47</b>	35.87
11. Vehicle Maintenance	<b>50.57</b>	47.71
12. Postage, Telephone, Telex Charges etc.	<b>86.47</b>	80.30
13. Packing and Cartage	<b>68.64</b>	36.35
14. Stores & Loose Tools Consumed	<b>155.76</b>	106.21
15. Sales Tax	<b>10.24</b>	4.69
16. Repairs to Machinery	<b>49.63</b>	33.47
17. Repairs to Buildings	<b>20.64</b>	24.75
18. Repairs to Other Assets	<b>8.45</b>	18.68
19. Discounts and Allowances to Customers	<b>5.45</b>	1.88
20. Directors' Sitting Fees and Commission (other than Wholetime Directors)	<b>10.14</b>	2.95
21. Donation	<b>25.00</b>	12.00
22. Loss on Sale of Fixed Assets	<b>0.14</b>	0.19
23. Sundry Balances Written Off	<b>40.15</b>	5.64
24. Provision for Doubtful Debts/Advances	<b>-</b>	0.11
25. Miscellaneous Expenses	<b>411.45</b>	322.03
	<b>1,922.38</b>	1,561.12

**SCHEDULE 17****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS****I) SIGNIFICANT ACCOUNTING POLICIES****1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

Financial statements are prepared under the historical cost convention except for certain fixed assets at Udhna and Coimbatore.

**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 amounts 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) METHOD OF ACCOUNTING**

The company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

**4) RECOGNITION OF REVENUE FROM WORKS CONTRACTS****A) Recognition of 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.

**B) Service Income:**

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

**5) 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.

**6) 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.****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 that are accounted on completed contract method are valued at the direct cost incurred on such contracts.

### 10) EMPLOYEE BENEFITS

- i) Gratuity liability determined on actuarial valuation basis is provided for.
- ii) The liability under the superannuation scheme (a defined contribution scheme) in respect of eligible employees is accounted on the basis of the annual contribution payable to the Life Insurance Corporation of India under the "Group Insurance & Superannuation Scheme".
- iii) Leave Encashment has been provided on accrual basis on the assumption that it is payable to all employees at the end of the accounting year.

### 11) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provision for liabilities which can be measured only by using a substantial degree of estimation 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. Reimbursement against a provision is recognized as a separate asset based on virtual certainty. 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. Contingent assets are not recognized.

### 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 reported 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 other than those arising on liabilities including borrowings for acquiring fixed assets are recognized in the profit and loss account. The exchange difference arising on liabilities (including borrowings) for acquiring fixed assets from outside India are adjusted towards the cost of the fixed assets in accordance with the requirement of Schedule VI to the Companies Act, 1956.

### 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 in respect of:
  - a. Claims against the company not acknowledged as debts: Rs 134.90 lacs (Previous Year: Rs. 160.90 lacs).
  - b. Disputed sales tax demand under appeal Rs. 79.10 lacs (Previous Year: Rs.118.47 lacs).
  - c. As per the terms of settlement with UTI in the financial year ended 31<sup>st</sup> March, 2001, UTI has the right to reverse the waiver of dues of Rs.575.61 lacs 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. On payment of the third and last installment @ Rs. 60/- per NCRPS due for redemption on 29<sup>th</sup> March, 2008, the NCRPS will stand extinguished.

d. As per the terms of the One Time Settlement entered into with a bank, the bank has the right to recompense.

2. a) Guarantees given to banks & financial institutions for credit facilities/ performance guarantees

Extended by them to an associate Company: Rs 1513 lacs (Previous year: Rs. 1692 lacs). Balance outstanding as on 31.03.2007: Rs 1505.20 lacs (Previous Year: Rs. 1220.94 lacs).

b) Guarantees issued by company's bankers and outstanding Rs.534.15 lacs (Previous year: Rs. 451.75 lacs).

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), an associate company: Rs.24.56 lacs (Previous Year: Rs. 58.46 lacs).

c) In respect of guarantees given by the company to the bankers of Batliboi Environmental Engineering Limited (BEEL), an associate company, BEEL has given guarantees and extended charge on its assets to secure the financial assistance availed by the Company from banks/financial institutions [Refer note II- 7-(a)].

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

Provisions	Rs. in Lacs									
	Trade & Other Litigations		Excise		Sales Tax		Warranties		Total	
	06-07	05-06	06-07	05-06	06-07	05-06	06-07	05-06	06-07	05-06
i. Opening carrying amount	76.52	82.39	2.47	4.79	58.14	66.85	99.39	110.46	236.52	264.49
ii. Add: Additional Provisions made during the year	-	-	-	-	0.22	6.24	120.84	20.59	121.06	26.83
iii. Less: Amounts used during the year	-	-	-	2.32	0.06	7.38	25.20	22.43	25.26	32.13
iv. Less: Amounts reversed during the year	-	5.87	-	-	7.81	7.57	61.52	9.23	69.33	22.67
v. Closing carrying amount	76.52	76.52	2.47	2.47	50.49	58.14	133.51	99.39	262.99	236.52

In respect of the aforesaid amounts:

- Provision for trade related and other demands/claims in litigation mostly relate to civil suits for monetary transactions. Wherever feasible the company endeavors to negotiate settlements which are normally concluded in about 1 to 2 years time.
- Provision for claims by sales tax authorities that are appealed against mainly arise out of non-receipt of concessional forms from parties, difference in rate of tax, and disallowances by sales tax authorities.
- Provision for claims by excise authorities that are appealed against mainly arise out of differences of adoption of classification of the products for tariff purposes and cenvat related issues.
- Provisions for warranty cover the expenses related to the repairing of equipment and parts sold and jobs executed, which are generally covered under a warranty. The amount is determined based on past experience and nature of particular jobs.

4. Estimated amount of contracts remaining to be executed on capital account not provided for: Rs. 6.76 lacs (Previous Year: Rs.26.41 Lacs).

5. The company had revalued land at Udhana as at 30th March 2001 on the basis of the valuation report of Govt. approved valuer M/s Jashvant H. Mehta, Chartered Engineer, Surat. As per the report of the valuer, the valuation was done on fair market value basis. The details of the revaluation being as under:

	Rs. in lacs
Value as per the Valuation Report	1818.89
Original Cost of Land at Udhana	9.58
Increase on Revaluation	1809.31

On the basis of the above, the value of land in that year was increased by Rs.1809.31 lacs by crediting Revaluation Reserve A/c.

6. Intangible Assets:

The company has intangible assets in the form of technical drawings/designs/data and other technical information for manufacture of certain products, which have been acquired by the company from time to time under licensing arrangements

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from various overseas parties and the same have been capitalized as 'Technical Know-how' in the books in the respective years of acquisition.

The entire technical know-how portfolio of the company as on 1<sup>st</sup> April, 2003 was technically evaluated by a professional firm of chartered engineers who inter-alia had assessed the fair economic value and the remaining useful life of the technical know-how as on 1<sup>st</sup> April, 2003, as well as the amount of annual charge required to amortize the balance value over the useful life. The overall useful life of technical know-how since inception have by and large been assessed up to 10 years except in a few cases, where longer useful life has been estimated based on the state of the relevant plant and machinery used for manufacture of the product using the said know-how, subsequent expenditure incurred on technology upgrades, nature of the technology and its basic engineering aspects, extent of usage, current stage of the life cycle of the product/technology, the market size, the extent of the market penetration, and pattern of growth in the demand of the company and its users industry etc.

The carrying amounts of intangible assets, additions, retirements, amortizations etc., are reflected in Schedule-5.

### 7. Borrowings and Security:

#### a. Security for Bank Borrowings:

- i. Working Capital Borrowings from three banks on cash credit/overdraft/short term loan and non-fund based facilities are secured by way of first paripassu 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 first paripassu 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 for all three banks and leasehold land at Deonar, Mumbai for two banks. (Refer to note II-2 (c).
  - ii. Funded Interest Term Loan (FITL) of the company and a specific guarantee facility of Rs.288.18 lacs of BEEL from a bank, are secured by first paripassu charge by way of an equitable mortgage of the immoveable properties of the company situated at leasehold land at Deonar, Mumbai and Udhana, Gujarat.
  - iii. Bank loans for working capital except from one bank are guaranteed by one director and a shareholder.
- b. Term Loans from a bank are 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. Two Working capital lender banks have the second pari passu charge on the said fixed assets.
- c. Vehicle Loans are secured by hypothecation of the vehicles financed.
- d. Formalities for satisfaction of charges in respect of the 17.5% & 18% Debentures, whose dues have been fully settled, are in progress.
- e. In terms of the UTI's sanction for settlement of 17.5% & 18% debentures, in order to compensate UTI for the Company's obligations towards payment of redemption and other moneys of the 1% Non Convertible Redeemable Preference Shares allotted to UTI, 1<sup>st</sup> paripassu charge by way of English mortgage has been created by the company in favour of UTI on its immovable properties situated at Udhana and all moveable properties (subject to bankers' prior charge created/to be created both present and future on the current assets i.e. stocks and receivables for working capital borrowings).
- f. 44,08,930 equity shares of BEEL held by the company and 5,75,000 equity shares of BEEL held by directors/shareholders together aggregating 49,83,930 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-7-(a)].

#### 8. Advances:

The Company has successfully completed acquisition of the entire share-holdings of Quickmill Inc., Canada (a company in the business of Machine Tools) on 12<sup>th</sup> April, 2007. The acquisition cost incurred in the year 2006-2007 comprising Legal & Professional Fees, Traveling etc and aggregating Rs.172.38 lacs are reflected under advances. This amount together with the purchase consideration paid in the year 2007-2008 will be transferred to investment in 2007-08.

9. 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.
10. 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.
11. 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.

12. A. Interest comprises of the following :

	<b>Rs. in lacs</b>	
	<b>2006-07</b>	2005-06
Interest on Fixed Loans	<b>39.00</b>	24.20
Interest – Others	<b>60.03</b>	93.30
<b>Total</b>	<b>99.03</b>	117.50

B. Interest, if any, payable on over due acceptances is accounted in the year in which such liability is accepted.

13. Taxes on Income:

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

	<b>31.03.2007 Rs. Lacs</b>	31.03.2006 Rs. Lacs
i. Deferred Tax Assets:		
Provision for Doubtful Debts, Advances, Diminution in Value of Investments, and Retirement Benefits	<b>148.11</b>	193.92
ii. Deferred Tax Liabilities:		
Depreciation on Fixed Assets	<b>327.22</b>	317.33
iii. Net Deferred Tax Assets/(Liabilities)	<b>(179.11)</b>	(123.41)

14. Due to commercial expediency, the company executes certain contracts (awarded to the Company, but assigned to its associate BEEL) as an agent of BEEL. Sales and Purchases during the accounting period include Nil (Previous Year: Rs. 18.98 lacs) and Nil (Previous Year: Rs. 18.98 lacs) respectively in respect of those jobs. Profit & Loss on those jobs has been made over to BEEL except in cases where BEEL has billed to the company as sub-contractee on back-to-back basis.

15. Remuneration to Directors:

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

	<b>Rs. in lacs</b>	
	<b>2006-07</b>	
Profit Before Tax as per Profit and Loss Account:		1988.19
<i>Add:</i>		
Depreciation / Amortization as per Books	184.25	
Remuneration of Wholetime Directors, and Sitting Fee and Commission of Directors other than Whole-time Directors	130.41	
Provision for Doubtful Debts / Advances (Net)	-	
Provision for diminution in value of Investments	-	
Sub-total	<u>                    </u>	314.66
<i>Less:</i>		
Depreciation as per Section 350 of the Companies Act, 1956	184.25	
Surplus on sale of Fixed Assets	-	
Sub-total	<u>                    </u>	184.25
<b>Net Profit for the year</b>		<b>2118.60</b>
Less: Excess of Expenditure over Income of earlier years		<u>873.57</u>
<b>Net Profit</b>		<b>1245.03</b>
1% of the above Net Profit for Commission to Non-Wholetime Directors		12.45
Amount of Commission to Non-Whole-time Directors, restricted by Board to		6.00

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### (B) Remuneration of Directors:

	Rs. in lacs	
	2006-07	2005-06
<b>Remuneration of Whole-time Directors:</b>		
Salaries	95.60	85.46
Contribution to Provident & Other Fund	12.61	11.34*
Provision for Purchase of Annuity	3.35	3.59
Monetary Value of Perquisites	8.76	11.14
<b>Total</b>	<b>120.32</b>	<b>111.52</b>
Nos. of whole-time Directors	3	4
<b>Remuneration of Directors Other than Whole-time Directors:</b>		
Sitting Fee	4.14	2.95
Commission	6.00	-
<b>Total</b>	<b>10.14</b>	<b>2.95</b>

\* excluding gratuity of Rs.11.10 Lacs paid to Mr. Pratap Bhogilal at the end of his tenure as per terms of his appointment.

### 16. Audit, Legal & Professional Charges (including Service tax), under Item 9 of Schedule 16, include the following payments to Auditors:

	Rs. in lacs			
	2006-07		2005-06	
	Statutory Auditors	Branch Auditors	Statutory Auditors	Branch Auditors
a) Audit Fees*	4.32	1.12	3.31	1.69
b) Tax Matters*	0.73	0.30	-	0.99
c) Certification*	-	-	-	-
d) Expenses	0.51	0.47	-	0.31
e) Other Services*	1.80	0.67	1.65	0.66
<b>Total</b>	<b>7.36</b>	<b>2.56</b>	<b>4.96</b>	<b>3.65</b>

\* Inclusive of service tax

### 17. C.I.F. Value of Imported Items:

	Rs. In lacs	
	2006-07	2005-06
a) Raw Materials and Components	781.72	535.24
b) Stores and Spare parts	-	-
c) Purchases for Trading	0.82	20.69
d) Capital Goods	25.22	39.38
<b>Total</b>	<b>807.76</b>	<b>595.31</b>

### 18. Expenditure in Foreign Currency, on accrual basis:

	Rs. in lacs	
	2006-07	2005-06
a) Traveling expenses	75.77	46.88
b) Professional fees	202.21	-
c) Other matters	106.25	21.01
<b>Total</b>	<b>384.23</b>	<b>67.89</b>

### 19. Earnings in Foreign Currency, on accrual basis:

	Rs. in lacs	
	2006-07	2005-06
Commission/other income	838.87	775.57
<b>Total</b>	<b>838.87</b>	<b>775.57</b>

20. Exchange Gains/(Loss) created/(charged) to Profit and Loss Account: Rs. 17.18 lacs.( Rs.1.50 lacs)

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

		CAPACITY *				PRODUCTION**	
		LICENCED		INSTALLED		2006-07	2005-06
		2006-07	2005-06	2006-07	2005-06		
1. Machine Tools		<b>634</b>	634	<b>634</b>	634	<b>471</b>	345
2. Installations for Humidification and Air Control & Compressors	Nos.	<b>450</b>	450	<b>450</b>	450	<b>**3145</b>	<b>**3965</b>
3. Exhaust Fans and Similar Duct Works	Nos.	<b>600</b>	600	<b>600</b>	600	<b>**2269</b>	<b>**1748</b>
4. Water Pollution Control Installations	Nos.	<b>50</b>	50	@ @ @	@ @ @	—	—
5. Equipments for Air Pollution Control	Nos.	<b>640</b>	640	@ @ @	@ @ @	—	—
6. Files	Doz.	<b>90000</b>	90000	@ @ @	@ @ @	—	—
7. Tool Bits	Doz.	<b>10000</b>	10000	<b>10000</b>	10000	—	—
8. C.I.&Alloy Castings	M.T.	<b>5400 (Single Shift)</b>	5400 (Single Shift)	<b>3600 (Double Shift)</b>	3600 (Double Shift)	<b>@1567</b>	<b>@1057</b>
9. S G Iron Castings	M.T.	@ @	@ @	@ @	@ @	@ -	@ -
10. Aluminum Castings	M.T.	@ @	@ @	@ @	@ @	@ <b>69</b>	@ <b>52</b>

@ Includes for captive consumption as under:

	Unit	2006-07	2005-06
		Qty.	Qty.
C.I.Castings	M.T.	<b>1547</b>	1016
Alum. Castings	M.T.	<b>68</b>	52
S.G. Iron Casting	M.T.	—	—

\* Capacity Figures are on annual basis

\*\* Includes production of parts of equipments 3145 Nos. (Previous year: 3965 Nos.); and Production of equipments 2269 Nos. (Previous year: 1748 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.

22. Opening and Closing Stock Of Goods Manufactured:

	Unit	OPENING STOCK				CLOSING STOCK			
		As at 01.04.2006		As at 01.04.2005		As at 31.03.2007		As at 31.03.2006	
		Qty	Rs. in lacs	Qty	Rs. in lacs	Qty	Rs. in lacs	Qty	Rs. in lacs
a) Machine Tools	Nos.	—	—	—	—	4	60.75	—	—
b) Humidification Air Control/Exhaust Fans & Compressors	Nos.	8	12.56	12	15.45	—	—	8	12.56
c) Castings	M.T.	40	32.09	45	25.36	—	—	40	32.09
<b>Total</b>			<b>44.65</b>		40.81		<b>60.75</b>		44.65

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### 23. Turnover of Goods:

	Unit	2006-07		2005-06	
		Qty.	Rs. in lacs	Qty.	Rs. in lacs
a) Indigenous Machinery Including Machine Tools	Nos.	875	5397.10	625	3459.27
b) Farm Equipments including Diesel Engines, Pumps, Motors, Generators	Nos.	—	—	1210	115.31
c) Plant for Humidification & Air Control Equipment, Exhaust Fans & Similar duct Works. Manufactured	Nos.	5265	5146.41	5541	3669.02
Others	Nos.	—	1866.85	—	1522.56
d) CI & SG Castings	MT	26	10.75	98	*25.94
e) Others	—	—	81.27	—	174.05
<b>Total</b>			<b>12502.38</b>		8966.15

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

### 24. Consumption of Raw Materials:

	Unit	2006-07		2005-06	
		Qty.	Rs. in lacs	Qty.	Rs. in lacs
a) Aluminum Sheets	Nos.	79842.69	291.32	105259	172.87
b) Iron and Steel	Kgs	1363.08	575.95	1194.28	481.52
c) Castings	Kgs.	8677.96	30.82	6020.53	12.11
d) Electric Motors	Nos.	4005.00	553.43	2006.00	364.19
e) Scrap	MT	2664.32	47.97	1269.18	235.73
f) Other Components	-	—	4376.51	—	2902.90
<b>Total</b>			<b>5876.00</b>		4169.32

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

	2006-07		2005-06	
	% of Total Consumption	Rs. in lacs	% of Total Consumption	Rs. in lacs
a) Raw Materials & Components				
Imported	13%	781.72	13%	546.82
Indigenous	87%	5094.28	87%	3622.50
	<b>100%</b>	<b>5876.00</b>	<b>100%</b>	<b>4169.32</b>
b) Stores, Spares & Loose Tools				
Imported	0%	-	0%	-
Indigenous	100%	155.76	100%	106.21
	<b>100%</b>	<b>155.76</b>	<b>100%</b>	<b>106.21</b>

26. 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.

### 27. Segment Reporting:

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

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

The company has classified its business into four major segments:

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

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

Rs. in Lacs

	Machine Tools Group		Textile Engineering Group		Air-conditioning & Refrigeration Group		Others		Un-allocated		Total Co.	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
<b>Segment Revenue</b>												
Total Segment Revenue	5750.31	3948.72	7309.40	5435.24	944.27	1287.73	—	137.38	—	—	14003.98	10809.07
Add: Other un-allocable Revenue	—	—	—	—	—	—	—	—	110.13	201.83	110.13	201.83
Sub Total	5750.31	3948.72	7309.40	5435.24	944.27	1287.73	—	137.38	110.13	201.83	14114.11	11010.90
(Less): Inter-segment Sales	(866.14)	(588.69)	—	(21.09)	—	(0.60)	—	—	—	—	(866.14)	(610.38)
Segment Revenue from external customers	4884.17	3360.03	7309.40	5414.15	944.27	1287.13	—	137.38	110.13	201.83	13247.97	10400.52
<b>Segment Results</b>												
Profit/(Loss) before Interest & Tax	541.92	79.73	2139.56	1704.85	(44.00)	27.31	(0.96)	(3.98)	—	—	2636.52	1807.91
(Less): Interest	—	—	—	—	—	—	—	—	(99.03)	(117.50)	(99.03)	(117.50)
(Less)/Add: Other un-allocable (exp.) net of un-allocable income	—	—	—	—	—	—	—	—	(549.30)	(416.26)	(549.30)	(416.26)
Total Profit/(Loss) before Tax	541.92	79.73	2139.56	1704.85	(44.00)	27.31	(0.96)	(3.98)	(648.33)	(533.76)	1988.19	1274.15
<b>Segment wise Capital Employed (Segment Assets Less Segment Liabilities)</b>												
Segment Assets	3732.04	2675.88	2516.81	1884.97	738.10	748.39	156.49	302.89	4961.23	4257.87	12104.67	9870.00
Segment Liabilities	1558.30	1115.53	2222.27	1703.14	572.88	534.54	334.40	475.12	3015.39	2488.93	7703.24	6317.26
Capital Expenditure	118.92	130.25	68.66	160.24	1.75	1.21	—	0.40	81.93	680.22	271.26	972.32
Depreciation	63.57	60.07	34.08	28.54	2.31	4.24	0.58	0.33	83.71	55.70	184.25	148.88
Non cash expenses other than Depreciation	—	8.97	—	0.19	—	0.37	—	0.13	—	0.99	—	10.65

**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.

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

- Method used to determine the contract revenue : Percentage Completion method
- 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

## Batliboi Ltd.

	Rs. in Lacs	
	2006-07	2005-06
3. Total Contract Revenue recognized as Revenue during the year	554.40	894.41
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	1408.18	906.15
b. Amount due from/(to) customers	33.13	214.03
c. Advances received from customers	45.06	52.28
d. Retention Money kept by the Customers	-	-

### 29. Related Party Disclosures:

Related party disclosures as required under Accounting Standard 18 (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India (ICAI) are given below:

#### A) Relationships:

- i) Subsidiary company: None
- ii) Associate company: Batliboi Environmental Engineering Ltd.
- iii) Key Management Personnel:
  - a) Mr. Nirmal Bhogilal, Chairman & Managing Director
  - b) Mr. George. Verghese, Executive Director
  - c) Mr. Krushan Lal Swami, Executive Director
- iv) Relatives of Key Management Personnel:
  - a) Mr. Pratap Bhogilal, Chairman Emeritus
- v) Entities over which key management personnel are able to exercise significant influence:
  - a) Batliboi International Limited
  - b) Batliboi Impex Pvt. Ltd.
  - c) Batliboi SPM Pvt. Ltd.
  - d) Batliboi Enxco Pvt. Ltd.
  - e) Sustime Pharma Ltd.
  - f) Spartan Electricals
  - g) Bhogilal Leherchand Foundation
  - h) Leherchand Uttamchand Trust Fund

**B) Transactions & Outstanding Balances:**

Rs. in lacs

	Associate Co.		Other Entities#		Key Management Personnel & their Relatives	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
<b>I Transactions</b>						
a) Purchase of goods/materials/services/fixed assets/ investments	<b>61.43</b>	28.25	<b>678.95</b>	481.22	-	-
b) Sale of goods/materials/services/fixed assets/ investments/recovery of expenses	-	53.76	<b>290.65</b>	350.57	-	-
c) Rent/License fee received	-	-	-	0.26	-	-
d) Loans & Advances in cash or kind received /(refunded) (Net)	-	-	-	-	-	(60.50)
e) Loans & Advances in cash or kind given/ (Net)	-	-	-	-	-	-
f) Balances written off/(written-back)	-	-	-	-	-	-
g) Gross Salary/Remuneration	-	-	-	-	<b>120.32</b>	111.52
Interest Paid.	-	-	<b>14.60</b>	11.13	<b>13.62</b>	20.76
Other (Receipts)/Payments	<b>(16.00)</b>	(15.14)	<b>25.00</b>	12.00	-	-
<b>ii) Outstanding Balances as at 31.03.07, i.r.o:</b>						
a) Loans and advances received	-	-	<b>178.00</b>	178.00	<b>75.00</b>	235.00
b) Loans and advances given	-	-	-	-	-	-
c) Other receivable (for goods, services & other items)	<b>508.79</b>	598.65	<b>*69.47</b>	*169.09	-	-
d) Other payables (for goods, services & other items)	-	-	<b>197.55</b>	115.25	-	-
e) Guarantee received from related parties	-	-	-	-	-	-

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

\* Includes dues from Batliboi SPM P.Ltd., a company under the same management Rs. 37.81 Lacs (Previous Year: Rs. 168.35 lacs).

**30. 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 accounts, which is attributable to equity shareholders, by weighted average number of equity shares outstanding during the year, as under:

<b>Workings of EPS</b>		<b>2006-07</b>	<b>2005-06</b>
A.	Profit computation for both Basic and Diluted Earning Per Share of Rs.10/- each: Net Profit/(Loss) available for Equity Shareholders: Rs. in lacs	<b>1318.23</b>	856.70
B.	Weighted average number of Equity shares for computation of Basic & Diluted Earning per Share: Nos.	<b>1,35,01,275</b>	1,35,01,275
C.	Basic & Diluted Weighted Average Earning/(Loss) Per Share: Rs.	<b>9.76</b>	6.35

31. 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.

32. The company owes to following small-scale industrial undertakings sums outstanding for more than 30 days.

M/s Chaitanya Industries, M/s Spartan Electricals, M/s S R Enterprises, M/s Sunil General Works, M/s. Shivam Engg Co., M/s Techno Twin Engineers, M/s Vibek Engg Co, M/s Techno Fab , M/s Press Stamping Industries, M/s Products & Systems Engg , M/s Atul Enterprises , M/s Baghyam Industries , M/s Computer Controlls Corporation , M/s D. M. Marketing Enterprise, M/s Renuga Alumina Works , M/s Sowdeswari Industries and M/s Vignesh Fabs

The information regarding Small Scale Industrial Undertakings has been determined to the extent that such parties have been identified on the basis of the information available with the company.

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*

For and On Behalf of the Board of Directors

**NIRMAL BHOGILAL**  
*Chairman & Managing Director*
**KRUSHAN LAL SWAMI**  
*Executive Director  
& Group CFO*
**S. VENKATRAMAN**
*Partner*
**B. B. VANWARI**  
*Vice President (Legal)  
& Company Secretary*

Mumbai

 Dated : 21<sup>st</sup> April, 2007

Mumbai

 Dated : 21<sup>st</sup> April, 2007

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007**

Rs. in lacs

	Year Ended 31-Mar-07	Year Ended 31-Mar-06
<b>I. CASH FLOW ARISING FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit before Tax and Extraordinary items</b>	<b>1,988.19</b>	1,274.15
Add Back :		
a) Depreciation	184.25	148.88
b) Interest	99.03	117.50
c) Loss on Sale of Assets	0.14	0.19
d) Amortisation of Deferred Rev. Expenses	-	10.65
e) Prov. for Doubtful Debts/Other Advances	-	0.11
f) Provision for Gratuity	54.52	25.09
	<u>337.94</u>	<u>302.42</u>
Deduct :		
a) Income from Investments (Dividend)	17.83	—
b) Surplus on Sale of Assets	7.56	37.70
c) Surplus on Sale of Investments	—	1.24
d) Unclaimed Credit balances appropriated	49.10	31.28
e) Excess Provisions of earlier year written back	136.06	5.87
f) Compensation on Surrender of Tenancy Rights	—	100.00
	<u>210.55</u>	<u>176.09</u>
<b>Operating Profit before Working Capital Changes</b>	<b>2,115.58</b>	1,400.48
Deduct :		
a) Increase in Inventories	505.43	509.32
b) Increase in Trade Receivables & Advances	213.40	698.71
	<u>718.83</u>	<u>1,208.03</u>
Add :		
Increase in Trade and Other Payables	1,223.98	756.18
	<u>1,223.98</u>	<u>756.18</u>
<b>Net Cash Inflow / (Outflow) from Operations (A)</b>	<b>2,620.73</b>	948.63
<b>Income Taxes Paid</b>	<b>602.66</b>	211.04
	<u>2,018.07</u>	<u>737.59</u>
<b>II. CASH FLOW ARISING FROM INVESTING ACTIVITIES :</b>		
Inflow :		
a) Sale of Fixed Assets	15.51	51.26
b) Compensation on Surrender of Tenancy Rights	—	100.00
c) Income from Investments (Dividend)	17.83	—
d) Sale of Investments	250.00	1.52
	<u>283.34</u>	<u>152.78</u>
Deduct :		
Outflow :		
a) Acquisition of Fixed Assets	270.69	948.73
b) Investment in Mutual Fund units (Liquid Fund)	867.10	—
c) Purchase of Shares	—	0.50
b) Advance for overseas acquisitions	328.88	—
	<u>1,466.67</u>	<u>949.23</u>
<b>Net Cash Inflow / (Outflow) in course of Investing Activities (B)</b>	<b>(1,183.33)</b>	(796.45)



Rs. in lacs

	Year Ended 31-Mar-07	Year Ended 31-Mar-06
<b>III. CASH FLOW ARISING FROM FINANCING ACTIVITIES :</b>		
Inflow :		
a) Increase in Term Loan	46.44	323.06
b) Others	0.14	—
c) Increase in Working Capital Borrowings	<u>46.58</u>	<u>144.84</u> 467.90
Deduct :		
Outflow :		
(a) Decrease in Working Capital Borrowings	200.60	—
(b) Net decrease in other Unsecured Loans	185.00	40.50
(c) Dividend / Dividend tax paid	236.80	—
(d) Redemption of Preference Share Capital	152.12	91.27
(e) Net Interest Paid	<u>99.03</u>	<u>117.50</u> 249.27
<b>Net Cash Inflow/(Outflow) in course of Financing Activities (C)</b>	<b><u>(826.97)</u></b>	<b><u>218.63</u></b>
<b>Net Increase/(Decrease) in cash/Cash Equivalents (A+B+C)</b>	<b>7.77</b>	159.77
Add - Balance at the beginning of the year	253.43	93.66
Cash/Cash Equivalents at the close of the year	<u>261.20</u>	<u>253.43</u>
<b>Net Increase/(Decrease) in cash/Cash Equivalents</b>	<b><u>7.77</u></b>	<b><u>159.77</u></b>

As per our report attached of even date

**For V. SANKAR AIYAR & CO.**  
Chartered Accountants**S. VENKATRAMAN**  
PartnerMumbai  
Dated : 21<sup>st</sup> April, 2007

For and On Behalf of the Board of Directors

**NIRMAL BHOGILAL**  
Chairman & Managing Director**B. B. VANWARI**  
Vice President (Legal)  
& Company Secretary  
Mumbai  
Dated : 21<sup>st</sup> April, 2007**KRUSHAN LAL SWAMI**  
Executive Director  
& Group CFO

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

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

Rs. in Thousands

STATE CODE : 11

**i. Registration Details**

Registration No. : 3494  
 Balance Sheet : 31 03 2007  
 Date Month Year

**ii. Capital Raised during the year**

Public Issue : NIL  
 Right Issue : NIL  
 Bonus Issue : NIL  
 Private Placement : NIL

**iii. Position of Mobilization and Deployment of Funds**

**Total Liabilities** : 554062

**Total Assets** : 554062

**Sources of Funds**

Paid up Capital : 171522  
 Reserves & Surplus : 268723  
 Secured Loan : 70606  
 Unsecured Loan : 25300  
 Deferred Tax Liabilities : 17911

**Application of Funds**

Net Fixed Assets : 453372  
 Investment : 105959  
 Deferred Tax Asset : NIL  
 Net Current Assets : (5269)  
 Misc. Expenditure : NIL

**iv. Performance of the Company**

Turnover : 1324797  
 Total Expenditure : 1125978  
 Profit / Loss Before Tax : 198819  
 Profit / Loss After Tax : 132188  
 Earning Per Share in Rs. : 9.76  
 Dividend Rate % : Equity Dividend : 20 %  
 Preference Dividend : 1 %

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

**1. Item Code No.** : 846630.01; 8459.69; 845961.09; 8459.21,  
 (ITC Code) 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.** : 8445.40; 84.87 and 8447.20 ; 8415.83; 8421.39;  
 (ITC Code) 841459.09; and 847989.09  
**Product Description** : Textile Machinery and Textile Air Engineering  
 Equipment

**3. Item Code No.** : 8415;8418  
 (ITC Code)  
**Product Description** ©: Air Conditioning Machines & parts thereof.

# 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 63<sup>rd</sup> Annual General Meeting at Walchand Hirachand Hall, 4<sup>th</sup> Floor, Indian Merchant Chambers, Churchgate, Mumbai - 400 020 on Saturday, 28th July, 2007 at 2.00 P.M.

.....  
Signature of Member / Proxy

# BATLIBOI LTD.

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



## PROXY

I/We .....  
of ..... in the district of ..... being Member/  
Members of the abovenamed company hereby appoint Mr. ....  
.....  
of ..... in the district of .....  
or failing him, Mr. ....  
of ..... in the district of .....  
as my/our proxy to vote for me/us and on my/our behalf at the 63<sup>rd</sup> Annual General Meeting of the Company to be held on Saturday, 28th July, 2007 at 2.00 P.M. and at any adjournment thereof.

Signed this ..... day of ..... 2007.

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

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

One Rupee  
Revenue  
Stamp