



Batliboi Ltd.

69th Annual Report
2012 - 2013



Participation in Exhibitions



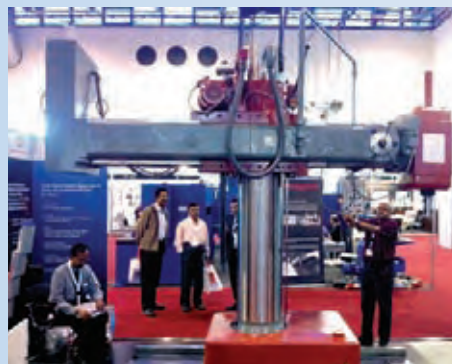
ITME, 2012
Textile Expo, BEC
Mumbai



IMTEX, 2013
Machine Tools
Expo,
BIEC, Bangalore



STEEIFAB, 2013
Expo Centre,
Sharjah





Corporate Information

CHAIRMAN EMERITUS

Mr. Pratap Bhogilal

BOARD OF DIRECTORS

Mr. Nirmal Bhogilal
Mr. Vijay R. Kirloskar
Mr. Subodh Bhargava
Mr. E. A. Kshirsagar
Mr. Ameet Hariani
Mr. Ulrich Duden
Mr. George Verghese

Chairman & Managing Director
Director
Director
Director
Director
Director
Director

CORPORATE MANAGEMENT

Mr. Nirmal Bhogilal
Mr. Edwyn Rodrigues
Mr. Milind Kulkarni
Mr. Daniel Vaz
Mr. Pradeep Pradhan
Mr. Sanjiv Joshi
Mr. Vineet Goel
Mr. Gaurang Shah
Mr. Ashok Joshi

Chairman & Managing Director
C. E. O. Textile Machinery Group
C. E. O. Machine Tool Business Group (Joined on 06/07/12)
C. E. O. Textile Air Engineering Group
C. E. O. Air Conditioning & Refrigeration Group
C. E. O. Environmental Engineering Group
Chief Financial Officer
Chief Corporate Counsel & Company Secretary
Chief Human Resource Officer

REGISTERED & CORPORATE OFFICE

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

FACTORY

- (i) P. O. Fateh Nagar, Surat Navsari Road,
Udhna-394 220.
- (ii) Veerasandra Industrial Area Hosur Road,
Bangalore - 560 100.

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
Canara Bank
State Bank of India
INDUSIND Bank Ltd.
The Shamrao Vithal Co-op. Bank Ltd.
Royal Bank of Scotland

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NOTICE

NOTICE is hereby given that the Sixty-Ninth Annual General Meeting of **BATLIBOI LIMITED**, will be held on Tuesday, 6th day of August, 2013 at 2.30 p.m. at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K Dubash Marg, Fort, Mumbai - 400 001 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the year ended 31st March, 2013, the Balance Sheet as at that date and the Reports of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Ameet Hariani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ulrich Duden, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without any modification, the following as an **ORDINARY RESOLUTION** :

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

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

By Order of the Board of Director

Sd/-

GAURANG SHAH

Chief Corporate Counsel & Company Secretary

Mumbai,
11th May, 2013.

Registered Office:
Bharat House, 5th floor,
104, Bombay Samachar Marg,
Fort, Mumbai – 400 001.

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. 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.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 29th July, 2013 to Tuesday, 6th August, 2013 (both days inclusive).
3. 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 (DPs) 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.
4. Members are hereby informed that as per the provisions of the Companies Act, 1956, Dividend which remains unclaimed/un-encashed over a period of 7 years has to be transferred by the Company to "The Investor Education & Protection Fund" constituted by the Central Government under Section 205 C of the Companies Act, 1956.

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

Date of Declaration of Dividend	Dividend for the year	Due Months of transfer to the Fund
19 th July, 2006	2005-2006	August, 2013
28 th July, 2007	2006-2007	August, 2014
30 th September, 2008	2007-2008	October, 2015

It may please be noted that once the unclaimed/un-encashed dividend is transferred to "The Investor Education & Protection Fund" as above, no claim shall lie in respect of such amount by the shareholders. The unpaid/unclaimed dividend lists are posted on Company's website "www.batliboi.com". The unclaimed dividend for the Financial Year 2005-06 declared on 19th July, 2006 can be claimed by the concerned shareholders by 22nd July 2013.

5. The relevant details of the Directors seeking re-appointment as required under clause 49 of the Listing Agreement are given in the Corporate Governance Report.
6. In pursuance of Government of India's Green Initiative to save paper, the Company has sent the Notice and the Annual Report in electronic form to those members whose e-mail addresses are registered and have opted to receive the same in electronic form. For others, it has been sent in physical form. Members are requested to register their e-mail addresses with DPs in order to support the initiative of saving on consumption of paper and cost of printing and dispatch.
7. Members are requested to notify their e-mail addresses to the company's share transfer agents, in order to enable the company to send the documents electronically as permitted by Ministry of Corporate Affairs.
8. Members/Proxies should bring attendance slip duly filled in for attending the meeting and corporate members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorising their representative to attend and vote on their behalf at the Annual General Meeting.

DIRECTORS' REPORT

Dear Members,

Your Directors submit 69th Annual Report together with Audited Accounts for the year ended 31st March, 2013.

1. FINANCIAL RESULTS

(₹ in lakhs)

Particulars	For the Year ended			
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	Standalone	Standalone	Consolidated	Consolidated
Gross Turnover (Including Indirect Sales)	28,540.89	32,137.60	43,224.40	44,219.69
Total Income	12,360.68	13,132.22	27,099.21	25,336.58
PBDIT	(143.13)	833.49	880.63	1,558.48
Less: Finance Cost	624.59	608.45	893.36	877.83
Less: Depreciation	182.74	154.47	660.42	631.43
Profit/(Loss) Before Tax & Exceptional Items	(950.46)	70.58	(673.15)	49.22
Exceptional items: Income/(expenses)	1,011.61	—	1,011.61	—
PBT	61.16	70.58	338.46	49.23
Provision for Taxation: Current Tax	13.00	16.00	96.56	75.22
Deferred Tax	21.00	38.00	18.83	42.83
Mat credit available for set off	(13.00)	(16.00)	(13.00)	(16.00)
Tax Adjustments in respect of earlier years	(7.93)	—	(7.93)	—
PAT	48.09	32.58	244.01	(52.82)

2. DIVIDEND

In view of operating losses, Directors do not recommend any dividend for the year ended 31st March, 2013.

3. REVIEW OF OPERATIONS AND OUTLOOK

The business operations were adversely impacted during the year under review on account of declining industrial production and consequential sluggish demand for Capital Goods and related industries of which the Company is part of. Machine Tool industry witnessed a sharp decline in demand for General Purpose Machines (GPMs) and Special Purpose Machines (SPMs), which impacted off take and revenues. Textile industry, however witnessed improved business environment with the upsurge in global demand and demand from the eastern region. Opening of new sectors in home textile also contributed positively for the Textile Machinery trading division. However, slow implementation of projects by customers, increase in power tariff and shortage of power in southern region, affected the revenue and bookings of the Textile Air Engineering division.

On standalone basis, the gross turnover including indirect sales was lower by 11% over the previous year. Operations resulted in losses due to reduced turnover and increased overheads and other costs. However, the Company posted higher profit after tax of ₹ 48.09 Lacs as against ₹ 32.58 Lacs for the previous year, on account of exceptional items.

The foreign subsidiaries registered improved performance with Quickmill Inc. posting improved results on the strength of renewed demand from various sectors and increased orders from the North American markets. AESA SA also recovered by posting marginal profits riding on the intensified efforts to increase sales and to reduce cost and overheads. The consolidated turnover was marginally lower over the previous year and after the exceptional items, the operations resulted in profit after tax of ₹ 244.01 Lacs as against loss of ₹ 52.82 Lacs for the previous year.

Improvement in industrial production is not in sight. However, with the healthy order backlog both for Machine Tools and Textile engineering and strong enquiry levels for green field projects and expansions from spinning and weaving sector, the outlook is optimistic. The Company has also taken several measures viz. organizational changes in the Machine Tool business, launching of new products, increased R & D activities, penetration into non textile sector, in order to scale up the production and volumes and to reduce costs.

4. SUBSIDIARIES

i) Quickmill Inc.

Quickmill Inc. head quartered in Canada is engaged in making of large gantry drilling and milling machines and caters mainly to the energy and heavy equipments manufacturing sectors.

The Company posted improved performance for the year on the strength of higher demand from the North American markets. The performance would have been better but for the sluggish demand from the South America and Middle East and lower than expected contribution from India.

With the increased demand and strong enquiry levels, the outlook is optimistic. The Company plans to augment volumes by focusing on Europe, South East Asia and other growth oriented markets and by launching new products.

ii) AESA Air Engineering

AESA SA head quartered in France is engaged in the business of Air-conditioning and filtration in textile, tobacco, chemical, non-woven and glass and fiber glass industry.

After a poor performance during the previous year, the Company recovered during the year under review by posting marginal profit despite the globally prevalent sluggish business environment. This was possible mainly because of extensive and selective sales initiatives and reduction of costs on account of changes made in the company structure at the offices situated in France, China, Singapore and India.

Markets in India and South East Asia are active and as such prospects are good. The Company plans to intensify the R & D activities on energy and man-power efficient systems and focus on cost-effectiveness for sustained performance. Thrust is also on further developing the market for spare parts and business services.

5. EMPLOYEE STOCK OPTION SCHEME

Pursuant to the resolutions passed by the members at the Extra Ordinary General Meeting held on 13th December, 2011, your Company has formulated and introduced Employees Stock Option Plan (**ESOP**). Out of 28,68,255 Options reserved under the Scheme, the Remuneration Committee has granted 10,00,000 Options during the previous year and 1,00,000 Options during the year under review, to the eligible employees. Upon vesting, each Option would entitle the Option holder to acquire one equity share of the Company upon vesting. These Options would vest in three equal annual installments after three, four and five years of grant.

Detailed disclosures as required under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in the annexure "A" to this Report.

6. SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

The Statement pursuant to section 212 of the Companies Act, 1956, containing details of the subsidiaries is given elsewhere in the Annual Report.

The Consolidated Financial Statements of your Company and its subsidiaries prepared in accordance with "Accounting Standard-21" prescribed by The Institute of Chartered Accountants of India, forms part of the Annual Report and the Accounts.

In terms of Circular No. 51/12/2007-CL-III dated 8th February, 2011 issued by the Ministry of Corporate Affairs granting exemption to the companies under section 212 of the Companies Act, 1956, the Balance Sheet, Profit & Loss Account, Report of Board of Directors and Auditors of Subsidiary Companies have not been attached with the Balance Sheet of the Company. The annual accounts of these subsidiaries and the related detailed information will be made available to any Member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any Member of the Company/its subsidiaries at the Corporate Office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the head offices of the respective subsidiaries.

7. FIXED DEPOSITS

The Company has not accepted any deposits from the public or employees during the year under review.

8. DIRECTORS

Mr. Ameet Hariani and Mr. Ulrich Duden retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Your Directors recommend their re-appointment. Brief resume of the Directors proposed to be re-appointed are provided in the Corporate Governance Report forming part of this Annual report.

None of the Directors of the Company are disqualified under Section 274(1) (g) of the Companies Act, 1956.

9. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

10. CORPORATE GOVERNANCE

A report on the Corporate Governance pursuant to Clause 49 of the Listing Agreement along with a Certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance, forms part of the Annual Report.

11. AUDITORS

The Statutory Auditors M/s. V. Sankar Aiyar & Co. Chartered Accountants, hold office upto the conclusion of the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits u/s. 224(1B) of the Companies Act, 1956.

12. AUDITORS' REPORT

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

13. COST AUDITORS

In terms of the Companies (Cost Audit Report) Rules, 2011, the Company has appointed M/s. V.J. Talati & Co., as Cost Auditors for auditing cost accounting records of the Company for the Financial Year 2012-13.

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:-

- (i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that were 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 the year under review;
- (iii) 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; and
- (iv) they have prepared the Annual Accounts on a going concern basis.

15. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars required to be disclosed pursuant to Section 217 (1) (e) read with the Companies (Disclosure of Particulars in the Report of the Board of directors) Rules, 1988, are given in the annexure "B" to this Report.

16. PARTICULARS OF EMPLOYEES

In terms of the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, as amended, the names and other particulars of the employees forms part of this report as annexure. However, as permitted by Section 219(1)(b)(iv) of the Companies Act, 1956 this Annual Report is being sent to all Shareholders excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

17. ACKNOWLEDGEMENTS

Your directors take this opportunity to express and place on record their appreciation for the continued support, co-operation and assistance extended by shareholders, employees, customers, principals, agents, bankers, financial institutions, suppliers, distributors and other stakeholders of the Company.

For and on behalf of the Board of Directors

Sd/-
NIRMAL BHOGILAL
Chairman & Managing Director

Mumbai,
11th May, 2013.

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Disclosures pursuant to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Particulars	ESOS	
a) Options granted during the year	1,00,000	
b) The pricing formula	The exercise price was taken as the closing price of the Company's equity shares quoted on the Bombay Stock Exchange on 9 th August, 2012, the day immediately prior to the date on which the Remuneration/Compensation Committee met to grant Options. Exercise price - ₹ 15.75	
c) Options vested	NIL	
d) Options exercised	NIL	
e) The total number of shares arising as a result of exercise of Options	Each Option would entitle the holder to subscribe one Equity Share in the Company.	
f) Options lapsed	NIL	
g) Variation of terms of Options	NA	
h) Money realized by exercise of Options	NIL	
i) Total number of Options in force	11,00,000 (Eleven Lakhs only)	
j) Employee wise details of Options granted during the year:		
i) Senior managerial personnel:	Name of Employee	No. of Options
	Mr. Milind Kulkarni	1,00,000
ii) Any other employee who received a grant in any one year of Option amounting to 5% or more of Options granted during that year.	None	
iii) Identified employees who were granted Option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None	
k) Diluted Earning Per Share	Not applicable, since no Options are vested so far.	

ANNEXURE 'B' TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

The Company's strategic initiative of setting up 1.25MW windmill at Lambha, Gujarat has resulted in reduction in energy cost and helped the Company gain self-sufficiency in its power requirement at Udhna. Apart from this, SPM unit at Bangalore has initiated installation of Roof Top Solar Energy Panels to save electricity for office use. AESA SA has also taken various steps for conservation of energy viz. integration of fan inverters and chilly water pumps inverters into the fully automatic control system; use of chillers with higher water temperature; use of lower pressure filter media etc.

B. RESEARCH & DEVELOPMENT (R&D)

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

Machine Tools

The new machines designed and developed:

- CNC Machining center - Chetak 125 MC.
- CNC Moving Column Drilling Machine - 100 mm drill (BMCD 100).
- CNC turning center - 16 TC.
- CNC turning center - 16 TC L Compact Design.

Textile Air Engineering

New products designed and developed:

- Re-engineering of small size Prefab Air Washers.
- Re-engineering of Rotary Drum Filter.
- Re-engineering of Baffle Plate.
- Re-engineering of grille and air washer piping.

SPM

New Machine Tools Designed and developed:

- QDHD 6500 x 3500mm Gantry Type Double Column CNC Drilling and Milling Machine.

Quickmill Inc.

The majority of R&D efforts were directed towards the following projects:

- Boiler Tube Processing System-designing, building, and testing a machine tool fixture system for fully processing large boiler tubes for use in the power generation industry.
- Car Body Processing System-designing, building and testing a system for supporting industrial vehicle structural members for machining in a production environment.

AESA SA

- Re-designing of damper blades and frame.
- Assembly of complete filter together with erectors.
- Modification of suction nozzle hinge-support for better output.

II. Benefits Derived

- Increased sales due to new product introduction and providing superior performance at competitive price.
- Improved visibility in the market.
- Lower energy consumption.
- Quality & Performance improvement.
- Cost savings.
- Expansion of product range for Indian and export market.
- Diversification to tyre industry customers for their SPM requirements.
- Optimum cost of Prefab Air Washers.
- Optimum cost of factory products and outsourced products.

III. Expenditure on R&D

Total capital expenditure incurred: ₹ 310 Lacs.

IV. Development Plans

Machine Tools

- CNC Turning Centre - Sprint 40 TC.
- CNC Horizontal machining center - HMC.
- Portable radial drilling machine - 100 mm capacity - BPR 100.

Textile Air Engineering

- Re-engineering mid and large size Prefab Air washer.
- Re-engineering of axial flow fans.
- Development of air cooling units.

SPM

- Vertical Broaching Machine 20 tons capacity and 2000 mm stroke for the 4 wheeler Brake product.
- VTL - 1200 to 1500 mm Swing Dia.
- SPMs for the Tyre Industry.
- Re-Engineering of BR6 CNC drilling machine to improve accuracies, and reliability.
- Regenerative Braking Systems for Z-axis.

AESA SA

- New baffle plates/drop eliminators and piping for washer.
- New nozzle spring system and use Nylon mesh filter cloth for TFB.
- Change waste tray of PF water filter to fully self cleaning system.
- Carrying out the required modifications to create a self standing w/c-unit.

V. Technology Absorption, Adaption and Innovation

No import or adaption of imported technology during the year.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year ended 31st March, 2013, Foreign Exchange earnings were ₹ 797.87 Lacs (Previous Year ₹ 833.57 Lacs) and the Foreign exchange outgo was ₹ 96.29 Lacs (Previous Year ₹ 83.18 Lacs). For further details, Note No. VII and IX to the Accounts may be referred to.

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 seven comprising of one Executive Director, one Non-Executive Director and five Non-Executive Independent Directors.

The Composition, category, other Directorships and Committee memberships held by them are 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	03	02	—
Mr. Vijay R. Kirloskar	Independent, Non - Executive	04	01	—
Mr. E. A. Kshirsagar	Independent, Non - Executive	07	08	04
Mr. Subodh Bhargava	Independent, Non - Executive	07	04	02
Mr. Ameet Hariani	Independent, Non - Executive	03	01	—
Mr. Ulrich H. Duden	Independent, Non - Executive	—	—	—
Mr. George Verghese	Non Promoter, Non - Executive	01	—	—

Note: In accordance with Clause 49, Memberships/Chairmanships of only the Audit Committees and Shareholders'/Investors' Grievance Committees in all Public Limited Companies (excluding Batliboi Limited) have been considered.

Attendance of each Director at the Board Meetings and the last Annual General Meeting

During the year ended 31st March, 2013, four Board Meetings were held on 23rd May, 2012, 30th July, 2012, 29th October, 2012 and 11th February, 2013. Details of meetings attended by the Directors are given hereunder:

Name of Director	No. of Board Meetings attended	Attendance at the last AGM held on 30 th July, 2012.
Mr. Nirmal Bhogilal	4	Present
Mr. V. R. Kirloskar	1	Present
Mr. E. A. Kshirsagar	4	Present
Mr. Subodh Bhargava	3	Present
Mr. Ameet Hariani	4	—
Mr. Ulrich H. Duden	2	Present
Mr. George Verghese	3	Present

Board procedures

Before each meeting, the Company sends to the Board of Directors, Agenda for the meeting, along with Minutes of Meetings of various committees, comprehensive notes and information which is material for facilitating effective discussion and decision making at their meetings. The Senior Management including divisional heads, and the CEOs of Subsidiaries make presentations to the Board of Directors giving details of performance, progress and other important developments in the respective divisions/companies. Apart from this, financial MIS containing details of Annual Operating Plans, budgets, updates, capital expenditure budgets and updates and other material information is presented to the Board. The same are reviewed at length by the Board.

Notes on Directors seeking re-appointment as required under clause 49 IV (G) of the Listing Agreement

- i) Mr. Ameet Hariani (52) holds a degree in law and also a LL.M degree from Bombay University. Besides being a member of the Bombay Incorporated Law Society and the Law Society, UK, he is also a member of the Singapore Law Society. He is a practicing lawyer with over 26 years of experience with Hariani & Co., Advocates & Solicitors, where he is a partner. He has wide and varied experience in Real Estate, Intellectual Property, Corporate & Commercial Shipping laws and has represented large organizations in International Arbitration & Disputes. He is Director/member of the following other Companies/Committees:

Sr. No.	Name of the Company	Chairman / Director	Committees of the Board	Chairman / Member
1	Capricorn Realty Ltd	Director	Remuneration Committee	Chairman
2	Ras Resorts & Apart Hotel Ltd	Director	Audit Committee	Member
3	Vascon Engineers Ltd	Director	—	—
4	Hariani Advisory Services Pvt. Ltd.	Director	—	—
5	Envision Computer Consultancy Pvt. Ltd.	Director	—	—
6	Radicle Informatics Pvt. Ltd.	Director	—	—

He is holding 6080 equity shares in the Company.

- ii) Mr. Ulrich Duden (75), a German national, has studied Economics & Financial Management at the Goethe University, Frankfurt, North Western University, Chicago and Stanford University California. He has over 48 years of experience, working in different capacities with Hoechst AG, Montedison S.p.A (Italy), ILVA S.p.A (Italy), Treuhandanstalt (Germany), Emerson Electric Inc. (St Louis). Mr. Duden has also expertise in restructuring and repositioning Companies in troubled situations. At Emerson he was the President and Managing Director of Liebert Hiross S.p.A., manufacturers of precision air conditioning systems. He was also CEO of IDRA PRESSE S.p.A, Brescia (Italy), manufacturers of die casting machines and dies. Currently he is a consultant. He is not Director in any other Company. He is not holding any shares in the Company.

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 Exchange read with Section 292A of the Companies Act, 1956.

Terms of Reference

The Audit Committee has following powers:

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

The role of the audit committee includes following:

- 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.
- 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.
- Approval for payment to statutory auditors for any other services rendered by them.
- Reviewing with management the annual financial statements before submission to the board for approval, with particular reference to:
 - 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;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;

- f. Disclosure of any related party transactions;
- g. Qualifications in draft audit report;
- v. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
- vi. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- vii. Reviewing with the management, performance of statutory and internal auditors, and the adequacy of internal control systems.
- viii. 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.
- ix. Discussion with internal auditors any significant findings and follow up there on.
- x. 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.
- xi. 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.
- xii. 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.
- xiii. To review the functioning of the Whistle Blower mechanism.
- xiv. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- xv. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Composition and meetings attended

The Audit Committee of the Company comprises of three Independent and Non-Executive Directors.

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

During the year ended 31st March, 2013 four Audit Committee Meetings were held on 23rd May, 2012, 30th July, 2012, 29th October, 2012 and 11th February, 2013.

Present composition of the Committee and details of meetings attended by the Committee members during the year ended 31st March, 2013 are given below:

Sr. No.	Name of the Director	Designation	No. of Meetings attended
1.	Mr. E. A. Kshirsagar*	Chairman	4
2.	Mr. Subodh Bhargava	Member	3
3.	Mr. Ameet Hariani	Member	4

* Mr. E. A. Kshirsagar, Chairman of the committee, is a Chartered Accountant and thus having financial and accounting knowledge.

4. REMUNERATION COMMITTEE :

Brief Description of Terms of Reference

- To review, assess and recommend the appointment of whole-time directors;
- To periodically review the remuneration package of whole-time directors and next level (in most cases either CEOs, CFOs or VPs) and recommend suitable revision to the Board; and
- Such other matters as may be entrusted by the Board from time to time.

Composition and meetings attended

The Remuneration Committee comprises of three Independent and Non-Executive Directors.

During the year ended 31st March, 2013, one Remuneration Committee meeting was held on 9th August, 2012.

The present composition of the Committee and details of meetings attended by the Committee members during the year ended 31st March, 2013 are given below:

Sr. No.	Name of the Director	Designation	No. of Meetings attended
1.	Mr. E. A. Kshirsagar	Chairman	1
2.	Mr. Subodh Bhargava	Member	1
3.	Mr. V. R. Kirloskar	Member	—

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

Remuneration Policy

The compensation of the Managing Director is recommended by the Remuneration Committee and is approved by the Board. The remuneration policy is directed towards rewarding performance based on review of achievements. With a view to reward the employees for their efforts, performance and contributions to the growth of the company and to attract and retain capable employees, the company has instituted Employee Stock Option Plan in terms of the SEBI (Employee Stock Option Scheme) Guidelines, 1999 for the eligible employees and Non-executive Directors of the Company.

Pursuant thereto, the Remuneration Committee has granted 10,00,000 Options to the eligible employees during the previous year. During the year under review the Company has granted 1,00,000 stock Options to the eligible employee.

The Options granted would vest as follows:

1/3 of the total number of Options granted-After 36 months from the date of grant of Options.

1/3 of the total number of Options granted-After 48 months from the date of grant of Options.

1/3 of the total number of Options granted-After 60 months from the date of grant of Options.

Company only pays sitting fees to its Non-Executive Directors (NEDs) as under:-

- ₹ 15,000/- per Board Meeting.
- ₹ 10,000/- per Audit Committee Meeting & Remuneration Committee Meeting.
- ₹ 5,000/- per meeting of Investors' / Shareholders' Grievance and Share Transfer Committee, Executive Committee, Empowered Committee and Selection Committee.

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

The shareholders have at their Annual General Meeting held on 30th July, 2012 approved payment of commission to the NEDs of the Company not being Managing/Whole time director(s), within the ceiling of 1% of the net profits of the Company in each financial year over a period of five years commencing from financial year 2011-2012 and including the financial year 2016-2017 as computed under the applicable provisions of the Companies Act, 1956, with authority to the Board of Directors to decide the quantum and manner of distribution amongst NEDs based on the performance of the Company, their attendance and contribution at the Board and Committee meetings.

Shares Held By Non-Executive Directors

Mr. Ameet Hariani holds 6080 Equity Shares of ₹ 5 each which constitute a negligible percentage of the Paid-up Equity Share Capital of the Company. No other Non-Executive Directors hold any Shares in the Company.

Details of remuneration and sitting fees paid to the Directors for the year ended 31st March, 2013:-

(Figures in ₹)

Name of the Director	Salary	Benefits	Commission	Sitting Fees	Total	Service contract/Notice period/Severance fees
Mr. Nirmal Bhogilal	42,00,000	41,89,563	—	—	83,89,563*	Five years contract and Notice Period Six months.
Mr. V. R. Kirloskar	—	—	—	15,000	15,000	Retirement by rotation
Mr. E. A. Kshirsagar	—	—	—	120,000	120,000	— do —
Mr. Subodh Bhargava	—	—	—	85,000	85,000	— do —
Mr. Ameet Hariani	—	—	—	185,000	185,000	— do —
Mr. Ulrich H. Duden	—	—	—	30,000	30,000	— do —
Mr. George Verghese	—	—	—	45,000	45,000	— do —

* Excluding retrial benefits

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

The "Investors' / Shareholders' Grievance and Share Transfer Committee" of the Company, consists of two members, chaired by a Non-Executive Director.

Composition and meetings attended

During the year ended 31st March, 2013 four Investors' / Shareholders' Grievance & Share Transfer Committee meetings were held on 23rd April, 2012, 11th July, 2012, 1st October, 2012 and 3rd January, 2013.

The present composition of the Committee and the number of meetings attended by the Committee members during the year ended 31st March, 2013 are given below:

Sr. No.	Name of the Director	Designation	No. of Meetings attended
1.	Mr. Ameet Hariani	Chairman	4
2.	Mr. Nirmal Bhogilal	Member	4

Functions

The Committee meets 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. The Company maintains continuous interaction with the Registrar & Share Transfer Agents and takes proactive steps and actions for resolving complaints/queries of the shareholders/investors and also takes initiative in solving critical issues.

Compliance Officer

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

Details of Investor's Complaints

There were no complaints pending at the beginning of the year, the Company has received 12 Complaints during the year and resolved all of them during the year under review. There are no outstanding complaints as on 31st March, 2013.

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
2009-2010	29 th July, 2010	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 th Floor, 12 K Dubash Marg, Fort, Mumbai 400 001.	2.30 P.M.
2010-2011	29 th July, 2011*	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 th Floor, 12 K Dubash Marg, Fort, Mumbai 400 001.	2.30 P.M.
2011-2012	30 th July, 2012**	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 th Floor, 12 K Dubash Marg, Fort, Mumbai 400 001.	2.30 P.M.

*Special Resolutions pertaining to the re-appointment/revision in remuneration of the Executive Director and revision in the terms of appointment of relative of Director, were passed.

** Special Resolution pertaining to payment of Commission to the Non-Executive Directors was passed.

7. DISCLOSURES :

- a. The Company has complied with the requirements of regulatory authorities on capital markets save and except clause 40A of the Listing Agreement. No penalties/strictures have been imposed against it during the last three years.
- b. None of the transactions with any of the management personnel of the company were in potential conflict with the interest of the Company at large.
- c. The Company has complied with all the mandatory requirements. The Company has also complied with non-mandatory requirement relating to setting up Remuneration Committee of the Board to determine interalia the Company's policy on remuneration package for Executive Directors and other Directors/Senior Management Personnel.
- d. The Company has also complied with the non-mandatory requirement of adoption of Whistle Blower Policy for its employees and no personnel has been denied access to the Audit Committee.
- e. The Company has laid down the procedures to inform Board Members about the risk assessment and minimization procedures. The Board is periodically informed about business and other risks and its minimization procedures.

8. MEANS OF COMMUNICATION :

- i) Half yearly/Quarterly report is not being sent to each household of shareholders as the shareholders are intimated through the press about the quarterly performance and financial results of the Company.
- ii) The financial results of the Company are posted on the Company's website "www.batliboi.com" and are published in the newspapers as under :
- | | |
|---|----------------------------------|
| Year Ended 31 st March 2012 | - Free Press Journal, Nav Shakti |
| Quarter Ended 30 th June, 2012 | - Free Press Journal, Nav Shakti |
| Quarter / Half year ended 30 th September, 2012 | - Free Press Journal, Nav Shakti |
| Quarter / Nine Months ended 31 st December, 2012 | - Free Press Journal, Nav Shakti |
- iii) The financial results and shareholding pattern are posted on the Company's website "www.batliboi.com."
- iv) The Management Discussion & Analysis Report forms part of the Annual Report.

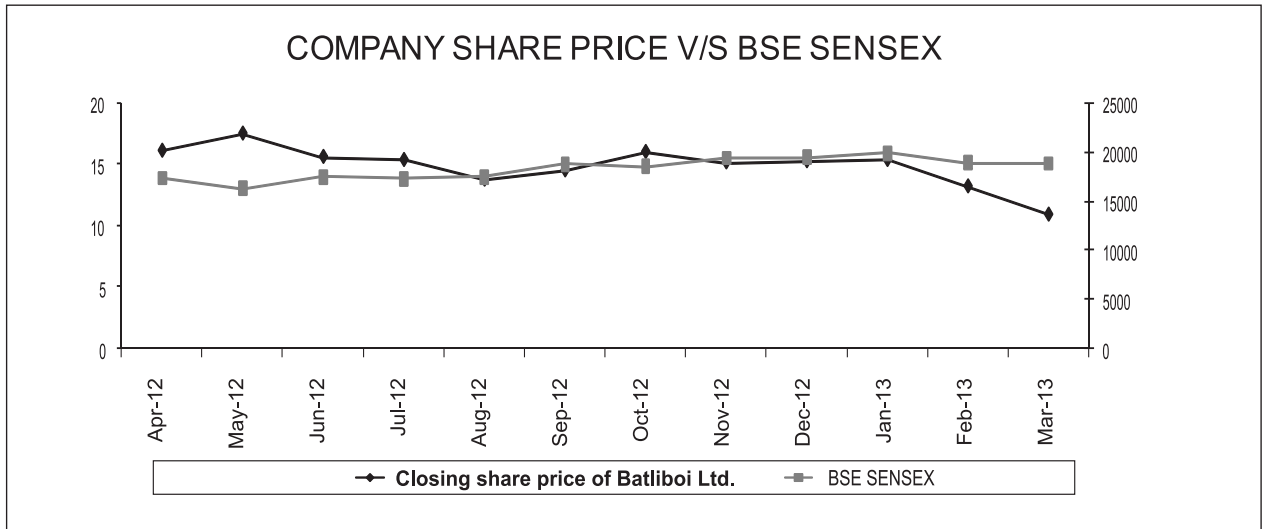
9. GENERAL SHAREHOLDER INFORMATION :

- (i) Registered Office : Bharat House, 5th Floor, 104, Bombay Samachar Marg, Fort, Mumbai 400 001.
- (ii) Annual General Meeting : Date and Time: 6th August, 2013 at 2.30 P. M.
Venue: Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Orion House, 6th Floor, 12 K Dubash Marg, Fort, Mumbai - 400 001.
- (iii) Financial Year : 12 months ended 31st March, 2013.
- (iv) Date of Book Closure : Monday, 29th July, 2013 to Tuesday, 6th August, 2013 (both days inclusive).
- (v) Dividend Payment date : NA
- (vi) Listing : Company's Equity shares are listed on Bombay Stock Exchange Limited (BSE).
- (vii) Stock Code -BSE : 522004
- (viii) Demat ISIN Number in NSDL/CDSL for Equity Shares : INE 177C01022.
- (ix) Market Price Data : During the year ended 31st March 2013, the highest market price and the lowest price for the Company's equity shares of face value of ₹ 5/- recorded on Bombay Stock Exchange Limited were as follows:

Price Range**Rate in ₹**

Month	BSE	
	High Price	Low Price
April, 2012	18.35	15.55
May, 2012	20.50	14.55
June, 2012	17.55	14.85
July, 2012	18.00	14.95
August, 2012	16.45	12.90
September, 2012	14.99	13.00
October, 2012	18.60	14.00
November, 2012	16.95	14.70
December, 2012	16.55	14.65
January, 2013	16.75	14.50
February, 2013	16.90	12.80
March, 2013	16.00	10.05

(x) Performance in Comparison to SENSEX



(xi) Distribution of Shareholding as on 31st March, 2013

Range (No. of Shares)		Total Holders	% To No. of Holders	Total Holdings	% of Total Capital
From	To				
1	1,000	10,987	95.86	20,21,658	7.05
1,001	2,000	224	1.95	3,56,406	1.24
2,001	4,000	127	1.11	3,69,627	1.29
4,001	6,000	44	0.38	2,21,622	0.77
6,001	8,000	14	0.12	99,983	0.35
8,001	10,000	14	0.12	1,29,239	0.45
10,001	20,000	23	0.20	3,39,935	1.19
20,001	& Above	28	0.24	2,51,44,080	87.66
TOTAL		11,461	100.00	2,86,82,550	100.00

(xii) Shareholding Pattern as on 31st March, 2013 (FaceValue ₹ 5/-)

Category	No. of Shares	%
Promoter and Promoters Group	2,34,43,490	81.73
Directors, their Relatives	6,080	0.03
Bodies Corporate	7,34,439	2.56
Mutual Funds	350	0.00
Financial Institutions/Banks	900	0.00
Insurance Companies	600	0.00
Foreign Investors (FIIs/NRIs/OCBs/Foreign Bank/Foreign Corporate Bodies)	9,10,879	3.18
Individual	35,85,812	12.50
Total	2,86,82,550	100

- (xiii) Registrar and Transfer Agents : Datamatics Financial Services Ltd., Plot No. A/16 &17, MIDC Part B, Cross Lane, Marol, Andheri (East), Mumbai 400093. Tel no: 66712151 to 56.
- (xiv) Share Transfer System : Transfer of Shares held in Physical form is processed by Datamatics Financial Services Ltd. and approved by the Chairman & Managing Director or Chief Corporate Counsel & Company Secretary pursuant to powers delegated by the Board of Directors.
- (xv) Dematerialisation of Shares : The Shares of the Company have been put on Compulsory Demat. As on 31st March, 2013, about 89.01% of the total equity shares issued by the Company have been dematerialised.
- (xvi) Outstanding GDR/ ADR : NA
- (xvii) Plant Location : (i) P. O. Fateh Nagar, Surat Navsari Road, Udhna 394 220.
(ii) Veerasandra Industrial Area, Hosur Road, Bangalore - 560 100.
- (xviii) Address for Correspondence : Bharat House, 5th Floor, 104, Mumbai Samachar Marg, Fort, Mumbai 400 001.
Email id : legal@batliboi.com Telephone : 66378200 Ext. 245

10. INSIDER TRADING CODE :

The Company has also adopted the Prevention of Insider Trading Code for all the Directors, Senior Management personnel and designated employees who are expected to have access to unpublished price sensitive information. The said Code has been framed in accordance with SEBI (Prevention of Insider Trading Regulations), 1992.

11. 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.

12. CODE OF CONDUCT :

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

For BATLIBOI LIMITED

Sd/-

NIRMAL BHOGILAL

Chairman and Managing Director

Mumbai,
11th May, 2013

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 2013 as stipulated in Clause 49 of the Listing Agreement entered of the said Company with the Stock Exchange.

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

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

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

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

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

Firm Reg. No.109208W

Sd/-

G. Sankar
Partner

Membership No.46050

Place : Mumbai
Dated: 11th May, 2013

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The management of Batliboi Limited presents the analysis of segmentwise performance of your Company for the year 2012-2013 and its outlook for the future. This outlook is based on assessment of the current business environment and the expectations, estimates and projections of the Directors and management of the Company. It may vary due to future economic and political development, both in the Indian and international economies and due to other factors beyond control.

A. SEGMENTWISE PERFORMANCE AND OUTLOOK

(I) Batliboi Machine Tool Group (BMTG)

Business structure

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

Manufacturing: The range includes General Purpose Conventional and CNC Machines (GPMs) and Special Purpose Machines (SPMs). GPMs include Radial Drilling Machines from 32 mm drill to 100 mm drills, Milling Machines of size I, II and III. CNC machines include CNC Turning centers, Vertical Machining centers, Drilling centers and double column moving table milling and drilling machine.

SPMs are custom built machines to meet specific needs of mass producers like automobile industry for milling, boring, facing, centering and drilling application as per the specific needs of the customers.

Trading: The Company represents as agents of various foreign companies from Czech Republic, Belgium, Italy, Germany, South Korea, China & Taiwan and for metal cutting and metal forming machine tools in India.

Developments & Performance

The Machine tool industry in general was impacted during the year under review due to contracting industrial production and the consequent sluggishness in demand for the Capital Goods and other industries.

As per the data available from the Indian Machine Tool Manufacturers Association, demand for GPMs decreased by 25% and for CNCs by 27%. This adversely impacted the output and revenues of MTU and SPM units.

Performance of trading division was also subdued due to low execution during the year. Resultantly, there was a drop of 27% in the billing revenues compared to last year. The order booking position though was encouraging and above the budgeted expectations.

Opportunities, Threats and Outlook

Machine Tools Udhna (MTU)

Growth in defence, automobile, infrastructure and vocational training market will continue to be the key drivers in the current year. New products are being added for automobile, infrastructure and power industry to cater the industry requirements. Low cost products are also being developed for Education sector. Range of turning, milling and drilling machines is also being expanded for augmenting volumes.

It seems that sluggishness in the Capital Goods industry and lower industrial production will continue in the current year too; however, with the healthy order backlog and market potential for the new products, the division is expected to perform better. Necessary organizational changes have also been put in place to gear up for mobilizing the volumes and revenue.

Special Purpose Machines, Bangalore

High growth in power generating and auto sector would be key drivers for growth of SPM in the current year.

Although manufacturing companies are moving into lean manufacturing and the shop floor is moving away from SPMs to standard machines, SPM division is targeting various machines/assemblies suitable for assembly line, low cost automation, testing SPMs, which will augment higher revenue and profitability.

Outlook for the current year is optimistic as the division has a fairly good order book and a positive level of enquiries from various new sectors.

Machine Tool Trading

The division largely caters to the Power & General Fabrication industry segment which was under severe pressure during the year. Many projects were delayed largely due to policy inertia, tight liquidity, high inflation and equally high interest rates. The general investment sentiment continues to be lackluster as the power sector may take some more time to recover. Efforts are therefore directed in other sectors where some business is foreseeable. The continued high value of European currency is also a deterrent for some customer considering machinery procurement. Some Chinese and South Korean principals have been developed for catering to price conscious customers.

(II) Batliboi Textile Engineering Group

Business Structure

The Textile Engineering Group comprises of Textile Machinery and Textile Air Engineering.

In Textile Air Engineering the Company is foremost and leading manufacturer of complete systems for humidification and waste collection for textile spinning, weaving and knitting plants.

In the Textile Machinery business the Company represents as Agents of International Textile Machinery manufacturers covering a range of spinning, knitting, processing and garmenting machinery.

Developments and Performance

Textile Air Engineering Group (TAE)

Indian textile industry is witnessing an improved environment despite the issues of increase in power tariff and shortage of power especially in southern region. However, due to slow implementation of projects by the customers and sluggish demand in the South Indian textile industry, where the division has a higher market share, the division did not achieve the budgeted booking and billing during the year under review.

Textile Machinery Division (TMD)

The year began with almost a recession like situation for Spinning Sector with large inventories and mills working only to about 40% capacity on account of poor international demand for yarn. This situation changed with pick up in global market which enabled the division to improve upon its projections and market share. The results could have been better, had the power situation in Tamil Nadu and Andhra Pradesh improved.

As regards Knitting Sector, despite a good scenario at the beginning of the year, the situation rapidly deteriorated in the main market, Tirupur. However Eastern Region made up the shortfall with significant rise in machine sales and margins. Opening of new sector in home textile where the margins were much higher also improved the performance. All these contributed to increased sales and improved margins for the Knitting division during the year.

For most of the year Processing Sector displayed continued difficulties on account of pollution control restrictions and other uncertainties. However sales were maintained on account of projects finalized for two of the division new suppliers of Yarn Dyeing Machines and Fabric Dyeing Machines respectively.

With the above, the division posted higher than budgeted profits.

Opportunities, Threats and Outlook

TAE

The continuation of TUF (Technology up gradation fund), favorable state Government policies for investment in textile sector and increasing demand of yarn will lead to further investments in spinning sector during 2013-14.

However the challenges in front of Industry are higher labour attrition rate, increasing power tariffs, adverse power situation in South, aggressive competition and slower implementation of projects.

The division is expected to do better considering the increase in the enquiry level for proposed green field projects, expansion in spinning and weaving sector, order backlog and overall positive market scenario. The new focused approach in applications for non textile sector will also offer growth opportunities for the division in the coming years.

TMD

The buoyant situation in the international yarn market is a big opportunity for Spinning Sector. After a slow down, capacities are being added in Andhra Pradesh and new projects are being finalized particularly in North India, Gujarat and M.P which will be new areas of growth opportunities. Poor power situation in southern region continues and is the only factor which prevents projects from taking off.

The new markets for Circular Knitting Sector opened up will help to increase sales. Our supplier has also come up with Circular Knitting Machines which are reliable and addressing the Indian market needs. This sector will show a modest growth in coming years.

While Processing Sector continues to be most challenging, it also has maximum opportunities. Investors have realized the importance of Effluent Control System and this will enable the industry to re-open their earlier planned projects. The division has added a few more international reputed suppliers in Fabric Dyeing and Finishing with orders likely to be concluded in the first quarter itself. The new products being added in the current year will themselves contribute more than 50% of this sectors turnover.

(III) Air-conditioning & Refrigeration Group (ACR)

Business Structure, developments and Performance

The group provides turnkey solutions to large industries in manufacturing and service field. The division continued its focus on completing the ongoing projects. Barring couple of projects, all the pending contracts have been successfully completed by the division during the year.

Opportunities, Threats and Outlook

Being a highly differentiated market segment with scores of small and large, organized and unorganized entities crowding the field, the division has restricted its operations in a niche area apart from service and maintenance field to guard its returns.

(IV) Quickmill Inc.

Business Structure, Developments & Performance

Your Company's wholly owned subsidiary is head quartered in Peterborough, Canada and is engaged in manufacture and sale of large size Gantry Drilling and Milling Machines. Its customers are mainly from energy and component manufacturing sectors.

The Company posted impressive results over the previous year contributed mainly by North America, with increased sales in the Power sector, oil & gas, off road equipment and steel processing industries. However, South America & Middle East did not contribute as expected due to slowdown in their economies and contribution from India was lower than expected with major boiler and other industrial equipment projects put on hold.

Opportunities, Threats & Outlook

The company will continue its focus to explore the Russian, German, South American, and South East Asian market to augment sales. The North American markets continue to remain strong on account of the resurgence in the oil and gas sectors and the focus on manufacturing.

Competition from the Taiwanese Machine Tool manufactures will continue to be stiff; however our continued focus on cost reduction and offering full turnkey solutions would give us an edge over the competition.

With the increased demand and strong enquiry levels, the outlook is optimistic. The Company plans to launch the new Quickdrill 3 product this year.

(V) AESA Air Engineering SA

Business Structure, Developments & Performance

Your Company's subsidiary AESA SA is head quartered in France with subsidiaries in China, Singapore and India. It is engaged in the business of Air Conditioning and filtration in textile, tobacco, non woven and glass industries.

After a negative result in 2011-12, this subsidiary is back to a marginal profit in 2012-2013, despite the prevailing global economic situation. This was possible mainly by extensive and selective sales activity to secure contracts, though markets were under pressure because of fierce competition. The implemented changes in the company structure at the offices situated in France, China, Singapore and India also contributed positively.

Opportunities, Threats & Outlook

Markets in India and Indonesia are active and the prospects are good. Also in other Asian countries like Thailand, Bangladesh, Pakistan market activity exists. The business volume in China has improved and is expected to develop further. However, margins in the business will continue to remain under severe pressure. Greater focus is also expected on the development of the market for spare parts and business services.

The focus of the R&D activities is on energy and man-power efficient systems.

With the Company adjusting to the market requirements and venturing into new activities the year ahead looks promising.

B. HUMAN RESOURCES / INDUSTRIAL RELATIONS :

The total numbers of employees in the Company were 510 as on 31st March, 2013.

Technical training for manufacturing personnel were conducted at the Company's manufacturing unit at Udhna. Topics including Broaching, Boring, Milling, Gear Cutting, Welding Technology, FMEA, Product Quality, CNC Milling, ISO Awareness, CNC Programming, Operations & Maintenance, Theory of Constraints, Continual Improvement in productivity, Safety awareness and Fire prevention and protection, Team work and Communication skills were covered during the sessions. Productivity & Process Improvement initiatives continued at the manufacturing units.

During the year under review industrial relations in the factories were cordial and pro-active and all employees and the Union supported productivity and process improvement measures undertaken at all the functions of the Company.

The Company has in place Health, Safety and Environment policy for Udhna and Bangalore operations. The same is reviewed by the Board from time to time and appropriate actions are taken as directed.

C. 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 chalked out in consultation with the Audit Committee. They report their observations/ recommendations to the Audit Committee of the Board of Directors, which comprises three Non-Executive Independent 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.

D. 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, and changes in government regulations, tax regimes, economic developments within and outside the country and other factors such as litigation and other labour negotiations.

Mumbai,
11th May, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of Bataliboi Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of Bataliboi Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013
- 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) 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 branches not visited by us;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956.

For V. Sankar Aiyar & Co.,
Chartered Accountants.
Firm Reg. No.109208W

Place : Mumbai
Dated : 11th May, 2013

Sd/-
G. Sankar
Partner
Membership No.46050

**ANNEXURE REFERRED TO IN OUR REPORT TO THE MEMBERS OF BATLIBOI LTD.
FOR THE YEAR ENDED 31ST MARCH, 2013**

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

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. 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. Since there is no disposal of substantial part of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account.
- (ii) a. Physical verification of inventory has been conducted by the management at reasonable intervals during the year except in case of inventory lying with third parties where confirmations have been obtained.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records have been properly dealt with in the books of account.
- (iii) Based on audit procedures applied by us and according to the information and explanations given to us, the Company has 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, sub-clause (b) to (d) of sub-para (iii) of para 4 of the Order is not applicable.
- (iv) a. Based on audit procedures applied by us and according to the information and explanations given to us, the company has taken unsecured loans from five parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 677 Lacs and the year end balance aggregates ₹ 455.71 Lacs.
- b. In our opinion, the rate of interest and other terms and conditions on which the aforesaid loans have been taken are prima facie, not prejudicial to the interest of the company.
- c. The Company is regular in repaying the principal amounts on aforesaid loans taken and has been regular in the payment of interest wherever stipulated.
- (v) In our opinion and according to the information and explanations given to us, 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, 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. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system of the Company.
- (vi) a. According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered in a summarized form.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and exceeding the value of ₹ 5,00,000 in respect of any party, during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vii) 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.
- (viii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules 2011 prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies

Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (x) a. *During the year there have been delays 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. However, there has not been any instance of non-payment of the aforesaid statutory dues to the appropriate authorities.*
- b. According to the information and explanations given to us, and the records of the Company examined by us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, customs duty, excise duty or cess were in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable.
- c. 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 (₹ Lacs)
Sales Tax Appellate/Revisional Authority-up to Commissioner Level	53.62
Sales Tax Appellate Authority-Tribunal	35.66
Central Excise Appellate Tribunal	1.24

- (xi) The Company does not have accumulated losses as at 31st March, 2013. The Company has not incurred cash loss during the current financial year and in the immediately preceding financial year.
- (xii) Based on audit procedures applied by us and according to the information and explanations given to us, there was no non-payment of dues to Banks during the year.
- (xiii) According to the information and explanations given to us and based on our examination of the books of account, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) The provisions of special statute applicable to chit fund/mutual benefit fund/societies are not applicable to the Company.
- (xv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of Para 4 of the Order are not applicable.
- (xvi) In respect of guarantees given by the Company for loans taken by a related party from banks, having regard to the explanation that the Company has strategic business relationship with the related party and the party has extended reciprocal guarantee/charge on its current assets for financial assistance availed by the Company, the terms and conditions of the guarantees are, in our opinion, not prima facie prejudicial to the interests of the Company.
- (xvii) 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.
- (xviii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company and the cash flow statement, prima-facie, funds raised on short term basis have not been utilised for long term investment.
- (xix) 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.
- (xx) The Company has not issued any secured debentures during the year, and accordingly, no securities were required to be created.
- (xxi) The Company has not raised any money by public issue during the year. Therefore, the requirement of disclosure by the management on the end use of money raised by public issue and verification of the same is not applicable.
- (xxii) 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.
Firm Reg. No.109208W

Sd/-
G. Sankar
Partner
Membership No.46050

Place : Mumbai
Dated : 11th May, 2013

Batliboi Ltd.

BALANCE SHEET AS AT 31ST MARCH, 2013

		₹ in Lacs	
	Notes	As at 31-Mar-13	As at 31-Mar-12
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	2,126.61	2,126.61
Reserves and Surplus	2	3,743.22	3,697.21
		<u>5,869.83</u>	<u>5,823.82</u>
Non-Current Liabilities			
Long Term Borrowings	3	689.47	1,259.45
Deferred Tax Liabilities		59.00	38.00
Other Long Term Liabilities		704.02	689.88
Long Term Provisions		602.54	653.22
		<u>2,055.02</u>	<u>2,640.55</u>
Current Liabilities			
Short Term Borrowings	4	2,037.67	2,128.65
Trade Payables		2,413.03	2,515.02
Other Current Liabilities		2,345.00	2,754.13
Short-Term Provisions		94.65	43.82
		<u>6,890.35</u>	<u>7,441.62</u>
TOTAL		<u><u>14,815.20</u></u>	<u><u>15,905.99</u></u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	5	5,180.27	4,997.48
Capital Work In Progress		281.18	281.03
		<u>5,461.44</u>	<u>5,278.51</u>
Non-Current Investments	6	3,303.82	3,323.73
Long Term Loans and Advances	7	183.84	233.41
Other Non-Current Assets	7	223.35	356.47
Current Assets			
Inventories	8	1,984.30	2,911.52
Trade Receivables		2,999.69	2,798.02
Cash and Bank Balances		153.24	263.77
Short-Term Loans and Advances		505.51	740.57
		<u>5,642.75</u>	<u>6,713.87</u>
TOTAL		<u><u>14,815.20</u></u>	<u><u>15,905.99</u></u>

Significant Accounting Policies
Notes on Financial Statements

1 to 16

As per our report attached of even date

For and on behalf of the Board of Directors

For **V. SANKAR AIYAR & CO.**
Chartered Accountants
Firm Regn. No.: 109208W

NIRMAL BHOGILAL
Chairman & Managing Director

VINEET GOEL
Chief Financial Officer

G. SANKAR
Partner
Membership No.: 46050

E. A. KSHIRSAGAR
Director

GAURANG SHAH
Chief Corporate Counsel &
Company Secretary

Mumbai
Dated : 11th May, 2013

Mumbai
Dated : 11th May, 2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

		₹ in Lacs	
	Notes	Year Ended 31-Mar-13	Year Ended 31-Mar-12
INCOME			
Revenue from Operations	9	12,045.13	12,387.85
Other Income	10	315.55	744.37
TOTAL REVENUE		<u>12,360.68</u>	<u>13,132.22</u>
EXPENDITURE			
Cost of Materials Consumed	11	5,386.69	5,944.67
Purchases of Stock in Trade	11	1,576.15	1,448.56
Changes in Inventories of Finished goods, Work in progress & Stock in Trade	11	325.38	16.24
Employee Benefit Expenses	12	2,469.45	2,434.15
Finance Costs	13	624.59	608.45
Depreciation		182.74	154.47
Other Expenses	14	2,746.14	2,455.10
TOTAL EXPENSES		<u>13,311.14</u>	<u>13,061.64</u>
Profit / (Loss) Before Exceptional Items & Taxes		(950.46)	70.58
Exceptional Items - (Expenses) / Income	15	1,011.61	—
Profit Before Taxes		61.16	70.58
Tax Expenses			
Current Tax		13.00	16.00
Deferred Tax (Net)		21.00	38.00
MAT Credit available for set off		(13.00)	(16.00)
Tax Adjustments in respect of earlier years		(7.93)	—
Profit / (Loss) for the year		48.09	32.58
Earnings Per Share (Basic & Diluted)			
(Face Value of ₹ 5/- per Share)		0.17	0.11
Significant Accounting Policies Notes on Financial Statements	1 to 16		

As per our report attached of even date

For **V. SANKAR AIYAR & CO.**
Chartered Accountants
Firm Regn. No.: 109208W

G. SANKAR
Partner
Membership No.: 46050

Mumbai
Dated : 11th May, 2013

For and on behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

E. A. KSHIRSAGAR
Director

Mumbai
Dated : 11th May, 2013

VINEET GOEL
Chief Financial Officer

GAURANG SHAH
Chief Corporate Counsel &
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	Year Ended 31-Mar-13	Year Ended 31-Mar-12		
I. CASH FLOW ARISING FROM OPERATING ACTIVITIES:				
Net Profit before Tax and Exceptional items	(950.46)		70.58	
Add Back :				
a) Depreciation	182.74		154.47	
b) Interest	524.49		472.35	
c) Loss on Sale/Disposal of Assets	11.68		0.16	
d) Debit balances written off	100.75		129.05	
e) Provision for Doubtful Debts/Other Advances	(19.10)		(37.52)	
f) Leave Encashment Provision	(5.93)		(16.15)	
g) Provision for Gratuity	60.14		5.10	
h) Foreign Exchange Loss	58.55	913.32	—	707.46
Deduct :				
a) Income from Investment (Dividend)	0.62		0.62	
b) Surplus on Sale of Assets	1.56		49.02	
c) Unclaimed Credit Balances Appropriated	168.96		287.33	
d) Foreign Exchange Gains	—	171.14	254.97	591.94
Operating Profit Before Working Capital Changes	(208.27)			186.10
Deduct :				
a) Decrease in Trade and Other Payables	25.52	25.52	246.14	246.14
Add :				
a) Decrease in Inventories	927.21		29.88	
b) Decrease in Trade Receivables & Advances	146.50	1,073.72	521.14	551.02
		839.92		490.98
Income Taxes Paid		44.67		72.21
Net Cash Inflow / (Outflow) from Operations (A)		795.25		418.77
II. CASH FLOW ARISING FROM INVESTING ACTIVITIES:				
Inflow :				
a) Sale of Fixed Assets	1,104.52		53.84	
b) Income from Investments (Dividend)	0.62	1,105.13	0.62	54.46
Deduct :				
Outflow :				
a) Acquisition of Fixed Assets	422.32		316.90	
b) Investment in Foreign Subsidiary	15.01	437.34	18.46	335.36
Net Cash Inflow / (Outflow) in course of Investing Activities (B)		667.79		(280.90)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

₹ in Lacs

	Year Ended 31-Mar-13	Year Ended 31-Mar-12	
III. CASH FLOW ARISING FROM FINANCING ACTIVITIES:			
Inflow :			
a) Increase in Preference Capital	—	100.48	
b) Decrease in Bank Deposits	19.18	—	
c) Increase in Term Loan	73.78	315.99	
d) Increase in Unsecured Loan	86.00	903.00	
e) Increase in Working Capital Borrowings	—	210.80	1,530.27
Deduct :			
Outflow :			
(a) Increase in Bank Deposits	—	11.20	
(b) Repayment of Term Loan	829.61	1,135.94	
(c) Repayment of Unsecured Loan	253.81	—	
(d) Decrease in Working Capital Borrowings	144.46	—	
(e) Net Interest Paid	505.45	480.88	1,628.02
Net Cash Inflow / (Outflow) in course of Financing Activities (C)	(1,554.37)		(97.75)
Net Increase / (Decrease) in Cash / Cash Equivalents (A+B+C)	(91.33)		40.11
Cash / Cash Equivalents at the beginning of the year	122.05		81.94
Cash / Cash Equivalents at the close of the year	30.71		122.05
Net Increase / (Decrease) in Cash / Cash Equivalents	(91.33)		40.11

As per our report attached of even date

For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No.: 109208W

G. SANKAR
Partner
Membership No.: 46050

Mumbai
Dated : 11th May, 2013

For and on behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

E. A. KSHIRSAGAR
Director

Mumbai
Dated : 11th May, 2013

VINEET GOEL
Chief Financial Officer

GAURANG SHAH
Chief Corporate Counsel &
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

a) Revenue from sale of goods:

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

b) Service Income:

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

c) Revenue from Works Contracts:

Revenue from works contracts is recognized on: "Percentage of completion method"; Percentage or stage of completion is determined by the proportion that contract cost incurred for work performed up to the reporting date bears to the estimated total costs of the contract.

4. FIXED ASSETS

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

5. DEPRECIATION

a) Depreciation on all assets of the Manufacturing Unit at Udhna, excepting those of Tool Room, certain assets transferred from branches to the manufacturing units and the Wind Mill is provided under the Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

b) Depreciation on all other assets, assets of Tool Room and assets transferred to manufacturing unit from branches is provided under the Written Down Value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

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 valuer's and is charged to Profit and Loss account. In respect of revalued building of SPM division, the difference between depreciation on replacement value and on written down value basis is drawn from revaluation reserve created on revaluation to the extent the balance in such reserve is available.

6. IMPAIRMENT OF ASSETS

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

SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

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

7. INTANGIBLE ASSETS

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

8. INVESTMENTS

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

9. VALUATION OF INVENTORIES

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

10. EMPLOYEE BENEFITS

A) Short Term Employee Benefits

All employee benefits falling due wholly within 12 months of rendering the services are classified as short term benefits. The benefits like salaries, wages, short term compensated absences etc and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

B) Post-Employment Benefits

- a) Defined Contribution Plans:

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

- b) Defined Benefits Plans:

- i. The company's liabilities towards gratuity leave encashment and compensated absence are determined and provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method for measuring the liability is the Projected Unit Credit Method.

SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

- ii. In respect of employees, other than those working at manufacturing facilities, provident fund contributions are made to a trust administered by trustees. The interest payable by the trust to the members shall not be lower than the statutory rate declared by the Central Government and shortfall, if any, shall be made good by the Company.
- iii. Actuarial gains and losses are immediately recognized in the Profit and Loss Account of the year without resorting to any amortization/deferment.

C) Termination Benefits

Termination benefits are immediately recognized as an expense in Profit and Loss account, as and when incurred.

11. EMPLOYEE STOCK OPTION SCHEME

In respect of stock options granted pursuant to the Company's stock option scheme, the intrinsic value, if any, of the option (excess of market price of the share over the exercise price of the option) on the grant date is treated as discount and accounted as employee compensation cost over the vesting period.

12. PROVISIONS AND CONTINGENT LIABILITIES

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

13. FOREIGN CURRENCY TRANSACTIONS

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

14. 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.

15. 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. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only to the extent that there is timing difference the reversal of which will result in sufficient income. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	As at 31-Mar-13	As at 31-Mar-12
NOTE 1 : SHARE CAPITAL		
AUTHORISED		
4,61,70,400 (P.Y. 4,61,70,400) Equity Shares of ₹ 5/- each	2,308.52	2,308.52
6,92,480 (P.Y. 6,92,480) Preference Shares of ₹ 100/- each	692.48	692.48
	3,001.00	3,001.00
ISSUED, SUBSCRIBED AND PAID-UP		
2,86,82,550 (P.Y. 2,86,82,550) Equity Shares of ₹ 5/- (P.Y. ₹ 5/-) each fully paid	1,434.13	1,434.13
6,92,480 (P.Y. 6,92,480) 5% - 5 Year Redeemable Non-cumulative Preference Shares of ₹ 100/- each	692.48	692.48
	2,126.61	2,126.61

Notes:

Of the above:

Equity Shares

The face value of Equity Shares of the company of ₹10/- each has been sub-divided into Equity Shares of ₹ 5/- each w.e.f. 4th October' 2007.

The reconciliation of the number of shares outstanding at the beginning and at the end of year is as under:

Particulars	2012-13	2011-12
Opening Number of Equity Shares	2,86,82,550	2,86,82,550
Add: Fresh Equity Shares issued during the year	—	—
Closing Number of Equity Shares	2,86,82,550	2,86,82,550

The details of Share holder holding more than 5% Equity Shares is as under:

Name of Share holder	No. of Shares	No. of Shares
Mr. Nirmal Bhogilal	2,02,48,844	2,02,48,844
% Shareholding	70.59%	70.59%

The details of Shares issued for consideration other than cash in the last 5 years are as under:

16,80,000 Equity Shares of ₹ 5/- each were issued as fully paid up in 2009 to the shareholders of erstwhile Batliboi SPM Pvt. Ltd. as per the Scheme of Amalgamation.

Preference Shares

6,92,480 5% Non Cumulative Preference Shares of ₹ 100 each (4,78,000 redeemable on 27th March, 2016 and 2,14,480 redeemable on 19th June, 2016).

The reconciliation of the number of shares outstanding at the beginning and at the end of year is as under:

Particulars	2012-13	2011-12
Opening Number of Preference Shares	6,92,480	4,78,000
Add: Fresh Preference Shares issued during the year	—	2,14,480
Closing Number of Preference Shares	6,92,480	6,92,480

Details of Share holder holding more than 5% Preference Shares are as under:

Name of Share holder	No. of Shares	No. of Shares
Mr. Pratap Bhogilal	6,92,480	6,92,480
% Shareholding	100%	100%

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	As at 31-Mar-13	As at 31-Mar-12
NOTE 2 : RESERVES AND SURPLUS		
Capital Reserves		
As per last Balance Sheet	25.00	25.00
Capital Redemption Reserve		
As per last Balance Sheet	125.60	95.60
Add : Transferred from Profit & Loss Account	<u>35.00</u>	<u>30.00</u>
	160.60	125.60
Revaluation Reserve		
As per last Balance Sheet	448.12	450.41
Less : Amount withdrawn on account of depreciation on revalued assets	<u>2.06</u>	<u>2.29</u>
	446.05	448.12
Securities Premium Reserve		
As per last Balance Sheet	393.01	393.01
General Reserve		
As per last Balance Sheet	1,224.39	1,224.39
Investment Allowance Reserve Utilised		
As per last Balance Sheet	<u>63.05</u>	<u>63.05</u>
	<u>2,312.10</u>	<u>2,279.17</u>
Surplus		
Opening Balance in Profit & Loss Account	1,418.04	1,415.46
Add: Profit / Loss from Profit & Loss Account	48.09	32.58
Less: Transfer to Capital Redemption Reserve	<u>35.00</u>	<u>30.00</u>
Closing Balance in Profit & Loss Account	<u>1,431.13</u>	<u>1,418.04</u>
TOTAL	<u><u>3,743.22</u></u>	<u><u>3,697.21</u></u>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	₹ in Lacs	
	As at 31-Mar-13	As at 31-Mar-12
NOTE 3 : NON CURRENT LIABILITIES		
Long Term Borrowings		
Secured Loans		
FROM BANKS		
Rupee Term Loans	223.84	460.13
— Securities (Refer Note 16 - I - a & b)		
Repayment terms		
Repayable in E.M.I. of ₹ 13.87 Lacs, maturing in October, 2015		
Car Loan (Secured by Hypothecation of Vehicle)	9.92	1.29
Repayable in various EMIs by October, 2017		
Foreign Currency Term Loan	—	121.03
— Securities (Refer Note 16 - I - b)		
Unsecured Loans		
Loans & Advances from Related Parties		
Loan from Director	101.70	83.00
Repayment Terms		
Repayable after one year		
Other Loans	354.01	594.00
Repayment Terms		
Repayable after one year	<u>689.47</u>	<u>1,259.45</u>
Other Long Term Liabilities		
Trade Payables	223.81	209.02
Advances and Deposits from Customers	352.44	362.29
Interest accrued and due on loans from related parties	49.79	13.14
Employee Related and Other Liabilities	77.97	105.43
	<u>704.02</u>	<u>689.88</u>
Long Term Provisions		
Provisions for Employee Benefits:		
Provision for Gratuity	437.60	496.48
Provision for Leave Encashment	117.82	106.57
Warranty Provision	47.12	50.17
	<u>602.54</u>	<u>653.22</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	As at 31-Mar-13	As at 31-Mar-12
NOTE 4 : CURRENT LIABILITIES		
Short Term Borrowing		
SECURED		
Loans repayable on demand		
From Banks		
Cash Credit and Working Capital Borrowings (Refer Note 16 - I - c)	1,636.18	1,780.65
UNSECURED		
Inter Corporate Deposits	401.48	348.00
	<u>2,037.67</u>	<u>2,128.65</u>
Trade Payables		
Due to Micro Small and Medium Enterprises (Refer Note 16 - II)	22.76	54.28
Others	2,390.26	2,460.74
	<u>2,413.03</u>	<u>2,515.02</u>
Other Current Liabilities		
Advances and Deposits from Customers	1,131.16	1,278.58
Unclaimed Dividend*	8.76	8.83
Current maturities of Long Term Loan - Secured		
Rupee Term Loan from Bank (Refer Note 16 - I - a & b)	323.24	352.26
Foreign Currency Term Loan (Repayable before 2 nd November, 2013) (Refer Note 16 - I - b)	126.96	473.62
Car Loan (Secured by Hypothecation of Vehicle)	6.30	2.05
Interest accrued but not due on loans	34.15	51.75
Statutory, Legal, Employee related and Other Liabilities	714.43	587.04
	<u>2,345.00</u>	<u>2,754.13</u>
Short Term Provisions		
Provisions for Employee Benefits:		
Provision for Gratuity	51.60	8.09
Provision for Leave Encashment	3.91	21.09
Warranty Provisions	39.14	14.65
	<u>94.65</u>	<u>43.82</u>

* Does not include any amounts due and outstanding, to be credited to Investor Education and Protection Fund

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
NOTE : 5 FIXED ASSETS

₹ in Lacs

	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK			
	As at 1-Apr-12	Additions/ Adjustments	Deductions/ Adjustments	As at 31-Mar-13	Upto 31-Mar-12	For the Year	Deductions/ Adjustments **	Upto 31-Mar-13	As at 31-Mar-13	As at 31-Mar-12
Tangible Assets										
Land (Freehold)	1,895.22	85.55	37.18	1,943.60	—	—	—	—	1,943.60	1,895.22
Land (Leasehold)*	434.49	—	—	434.49	—	—	—	—	434.49	434.49
Buildings*										
On Freehold Land	1,297.45	149.09	12.01	1,434.53	563.45	34.09	5.19	592.36	842.17	734.00
On Leasehold Land	321.86	—	—	321.86	208.48	12.18	—	220.66	101.20	113.38
Plant & Machinery	5,871.33	150.26	2.23	6,019.37	4,227.23	97.08	2.09	4322.22	1,697.15	1,644.10
Office Equipment / Computers etc.	760.43	4.20	1.31	763.32	671.21	19.26	0.56	689.92	73.40	89.22
Furniture, Fixtures, Fans and Electrical Fittings	220.65	9.03	32.14	197.55	149.20	16.15	22.47	142.89	54.66	71.45
Vehicles	23.54	24.03	5.39	42.18	7.92	3.97	3.31	8.58	33.60	15.62
Total Tangible Assets	10,824.97	422.17	90.26	11,156.89	5,827.49	182.74	33.62	5,976.62	5,180.27	4,997.48
Intangible Assets										
Technical Know-how	—	—	—	—	—	—	—	—	—	—
TOTAL	10,824.97	422.17	90.26	11,156.89	5,827.49	182.74	33.62	5,976.62	5,180.27	4,997.48
(Previous Year)	(10,795.22)	(368.97)	(-339.21)	(10,824.97)	(6,005.01)	(154.47)	(-332.00)	(5,827.49)	(4,997.48)	(4,790.21)
Capital Work-in-Progress										
(Previous Year)									281.18	281.03
									(281.03)	(333.10)
TOTAL									5,461.44	5,278.51
(Previous Year)									(5,278.51)	(5,123.31)

* Includes ₹ 434.49 Lacs value of Land and ₹ 210.23 Lacs value of Building acquired under scheme of amalgamation from erstwhile Batliboi SPM Pvt. Ltd. in respect of which title is under transfer in Company's name.

** Includes ₹ 2.06 Lacs being the depreciation on revalued assets drawn from Revaluation Reserve (SPM).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	Numbers 31-Mar-13	Numbers 31-Mar-12	Face Value (Each ₹)	As at 31-Mar-13	As at 31-Mar-12
NOTE 6 : NON CURRENT INVESTMENTS					
TRADE INVESTMENTS					
Investment in Equity Instruments:					
In fully paid Equity Shares (Un-quoted):					
Batliboi Environmental Engineering Ltd.	19,08,930	19,08,930	10.00	191.21	191.21
In fully paid Shares of Wholly Owned Subsidiary Company (Un-quoted):					
Queen Project Mauritius Ltd.					
Ordinary shares of MUR 10 each	32,088	32,088		405.77	405.77
Investment in Preference Instruments:					
In fully paid Shares of Wholly Owned Subsidiary Company (Un-quoted):					
Queen Project Mauritius Ltd.					
Preference Shares of MUR 10 each	1,51,76,670	1,50,92,652		2,701.06	2,720.97
NON TRADE INVESTMENTS					
Investment in Equity Instruments:					
In fully Paid Equity Shares (Quoted):					
Aturia Continental Ltd.	1,29,032	1,29,032	10.00	40.00	40.00
The Mysore Kirloskar Ltd.	2,00,277	2,00,277	10.00	9.62	9.62
Mafatlal Engg. Ind. Ltd.	348	348	100.00	0.38	0.38
The Ahmedabad Mfg. & Calico Printing Co. Ltd.	20	20	125.00	0.01	0.01
Shri Ambica Mills Ltd.	8	8	100.00	0.01	0.01
The Aruna Mills Ltd.	25	25	100.00	0.01	0.01
The Khatau Makanji Spg. & Wvg. Co. Ltd.	55	55	10.00	0.02	0.02
Padmatex Engg.Ltd.	25	25	10.00	0.00	0.00
SUB-TOTAL				50.05	50.05
In fully paid Equity Shares (Unquoted):					
Andhra Pradesh State Financial Corporation	5	5	100.00	0.01	0.01
Precision Tooling Systems Ltd.	1,500	1,500	10.00	0.15	0.15
Shree Vardhan Co.op. Bank Ltd.	200	200	25.00	0.05	0.05
Patan Co-operative Bank Ltd.	200	200	25.00	0.06	0.06
The Saraswat Co.op. Bank Ltd.	5	5	10.00	0.00	0.00
Shamrao Vitthal Co.op. Bank Ltd.	20,000	20,000	25.00	5.00	5.00
SUB-TOTAL				5.27	5.27
Investment in Preference Instruments:					
In fully paid 4% Cumulative Preference Shares (Quoted):					
The Khatau Makanji Spg. & Wvg. Co. Ltd.	5	5	100.00	0.01	0.01
SUB-TOTAL				0.01	0.01
TOTAL				3,353.37	3,373.28
Less: Provision for diminution in value of investments				49.55	49.55
GRAND TOTAL				3,303.82	3,323.73
Aggregate value of Quoted Investments				50.06	50.06
Less: Provision for diminution in value of investments				49.55	49.55
Net Value of Quoted Investments				0.51	0.51
Market Value of Quoted Investment				—	—
Aggregate value of Un-Quoted Investments				3,303.31	3,323.22

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	₹ in Lacs	
	As at 31-Mar-13	As at 31-Mar-12
NOTE 7 : LONG TERM LOANS & ADVANCES AND OTHER NON CURRENT ASSETS		
Long Term Loans & Advances		
Unsecured Considered Good Unless Specified Otherwise		
Capital Advances	1.00	55.28
Security & Other Deposits	78.41	89.80
Considered Doubtful	16.79	31.42
Less : Provision for Doubtful Deposits	16.79	31.42
SUB TOTAL	<u>78.41</u>	<u>89.80</u>
Other Loans & Advances		
Staff Loans	10.29	5.80
Advances recoverable in cash or in kind or for value to be received	7.33	8.73
SUB TOTAL	<u>17.62</u>	<u>14.53</u>
MAT Credit available for set off	86.80	73.80
	<u>183.84</u>	<u>233.41</u>
Other Non-Current Assets		
Long Term Trade Receivables		
UNSECURED		
Debts outstanding Considered Good	223.35	356.47
Considered Doubtful	80.19	84.66
Less: Provision for Doubtful Debts	80.19	84.66
	<u>223.35</u>	<u>356.47</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	₹ in Lacs	
	As at 31-Mar-13	As at 31-Mar-12
NOTE 8 : CURRENT ASSETS		
Inventories (valued at lower of Cost or Net Realisable Value)		
Raw Materials	881.53	1,470.36
Work-in-Progress	1,040.87	1,343.34
Stock of machines, including own manufactured	45.54	68.45
Stores and Spare Parts	9.51	24.35
Loose Tools	6.86	5.02
Value of incomplete job contracts carried forward	—	—
	<u>1,984.30</u>	<u>2,911.52</u>
Trade Receivables		
UNSECURED		
Debts outstanding for a period exceeding six months Considered Good	504.99	723.88
Debts outstanding for a period less than six months Considered Good	2,494.70	2,074.14
	<u>2,999.69</u>	<u>2,798.02</u>
Cash and Bank Balances		
<u>Cash and Cash Equivalents :</u>		
Cash and Cheques on hand and at collection centres	2.12	4.41
<u>Balances with Scheduled Banks :</u>		
In Current Account	19.82	108.82
Balances with Banks for Unpaid Dividends	8.76	8.83
	<u>30.71</u>	<u>122.05</u>
<u>Other Bank Balances :</u>		
Fixed Deposits with Banks having maturity of more than 3 Months but less than oneYear (towards Margin on Guarantees/LC's (Deposit receipts pledged with the Banks))	122.53	141.71
	<u>153.24</u>	<u>263.77</u>
Short Terms Loans and Advances		
Unsecured Considered Good Unless Otherwise Stated		
Advances recoverable in cash or in kind or for value	296.39	486.19
Staff Loans	12.62	6.09
Deposit	51.94	62.55
Balances with Excise, Sales Tax and Service Tax	97.30	162.22
Taxes paid in advance and deducted at source (Net of Provision for Tax)	47.25	23.52
	<u>505.51</u>	<u>740.57</u>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	Year Ended 31-Mar-13		Year Ended 31-Mar-12	
NOTE 9 : REVENUE FROM OPERATIONS				
Sale of Products (Refer Note: 16 - V - A(ii) & B)	11,751.47		11,930.17	
Sale of Services (Refer Note: 16 - V - C)	1,043.29		1,084.66	
Other Operating Revenue	277.55	13,072.31	299.40	13,314.23
Less : Excise Duty		1,027.18		926.38
		<u>12,045.13</u>		<u>12,387.85</u>
NOTE 10 : OTHER INCOME				
Dividend	0.62		0.62	
Exchange Difference Gains	—		326.81	
Profit on Sale of Fixed Assets	1.56		49.02	
Excess Provision of earlier years written back	—		1.01	
Unclaimed Credit Balances written back	168.96		287.33	
Liability written back	—		48.45	
Interest (TDS - ₹ 1.10 Lacs (P.Y. - ₹ 1.95 Lacs))	12.92		29.64	
Surrender of Tenancy Rights	130.00		—	
Miscellaneous Receipts	1.50		1.50	
		<u>315.55</u>		<u>744.37</u>
NOTE 11 : COST OF MATERIALS CONSUMED				
Raw Materials Consumed (Refer Note No. 16 - V - A (ii))	5,117.81		5,411.88	
Less:Self Consumption for Job Contracts	5.16	5,112.64	18.17	5,393.71
Cost of Job Contracts		38.82		230.79
Cost of Services rendered		78.93		103.38
Job work charges incurred		156.31		216.79
		<u>5,386.69</u>		<u>5,944.67</u>
NOTE 11: PURCHASE OF STOCK IN TRADE				
Purchases of Stock in Trade		1,576.15		1,448.56
		<u>1,576.15</u>		<u>1,448.56</u>
NOTE 11: CHANGE IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE				
Stock at close :				
Work-in-Process	1,040.87		1,343.34	
Stock of Machines and Own Manufactured Machines (Including Excise Duty)	45.54	1,086.41	68.45	1,411.79
Less :				
Stock at Commencement :				
Work-in-Process	1,343.34		1,349.33	
Stock of Machines and Own Manufactured Machines (Including Excise Duty)	68.45	1,411.79	78.70	1,428.03
		<u>325.38</u>		<u>16.24</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	Year Ended 31-Mar-13	Year Ended 31-Mar-12
NOTE 12 : EMPLOYEE BENEFIT EXPENSES		
(Refer Note no. 16 - XI - C)		
Salaries, Wages, Allowances and Bonus	2,082.98	2,032.89
Contribution to Provident and Other Funds	138.91	147.67
Payments & Provision for Gratuity	57.15	72.80
Staff Welfare Expenses	190.41	180.79
	<u>2,469.45</u>	<u>2,434.15</u>
NOTE 13 : FINANCE COST		
Interest Expenses	524.49	472.35
Other Borrowing Cost	64.39	60.01
Applicable Loss on Foreign Currency Transaction and Translation	35.71	76.09
	<u>624.59</u>	<u>608.45</u>
NOTE 14 : OTHER EXPENSES		
Rent	114.44	122.77
Rates and Taxes	35.92	20.74
Power and Fuel	233.19	197.24
Insurance	20.75	17.23
Sales Commission	120.39	101.60
Exhibitions/Advertisement Expenses	59.13	60.16
Printing and Stationery	19.64	22.31
Travelling and Conveyance	288.08	287.25
Audit, Legal and Professional Charges	189.95	160.97
Royalty & Technical Fees	18.65	23.45
Vehicle Maintenance	78.34	78.12
Packing and Cartage	125.30	60.19
Stores & Loose Tools Consumed	159.97	177.84
Repairs to Machinery	76.35	39.43
Repairs to Buildings	17.94	13.87
Repairs to Other Assets	27.37	33.87
Outsourced Services	672.88	591.76
Discounts and Allowances to Customers	22.22	15.76
Directors' Sitting Fees	4.87	5.50
Donation	—	0.18
Loss on Sale/Assets Written Off	11.68	0.16
Bad Debts	100.75	129.05
Provision for Doubtful Debts/Advances	(19.10)	(37.52)
Exchange Difference Loss	34.92	—
Miscellaneous Expenses	332.54	333.21
	<u>2,746.14</u>	<u>2,455.10</u>
NOTE 15 : EXCEPTIONAL ITEMS		
Legal Claims	48.45	—
Profit on Sale of Land	(533.65)	—
Profit on Sale of FSI	(466.26)	—
Profit on Sale of Building	(60.15)	—
(Income) / Expenses	<u>(1,011.61)</u>	<u>—</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE NO. 16

I. Borrowings and Securities

- a. Rupee Term Loans of ₹ 347.46 Lacs from a Bank is secured by first charge on the Fixed Assets purchased out of the loans and second charge on the Company's Immovable property at Udhana, Surat. Working capital lender banks have the second pari passu charge on the aforesaid Fixed Assets.
- b. Rupee Term Loan of ₹ 199.63 Lacs from a Bank and Foreign Currency Term Loans of ₹ 126.96 Lacs are secured by first pari passu charge on the entire Fixed Assets of the Company situated at Udhana, Surat and Hosur Road, Bangalore.
- c. Working Capital Borrowings from Consortium banks on cash credit Overdraft/Short Term Loan and non-fund based facilities are secured by first pari-passu charge on stock of Raw Materials, Stock in Process, Semi-finished and finished goods, consumable stores and spares, bills receivable, book debts, and other moveable current assets (both present and future) of the company; and Second pari passu charge on the fixed assets of the company (both present and future) at Udhana, Surat and Hosur Road Bangalore. Credit facilities including sub-limits extended by consortium banks to Batliboi Environmental Engineering Limited (BEEL), are secured by 2nd pari-passu charge on the fixed assets of the company (both present and future) at Udhana, Surat and Hosur Road Bangalore.
- d. A specific guarantee facility of ₹ 288.00 Lacs (Previous Year ₹ 288.00 Lacs) of BEEL from a Bank is secured by first pari passu charge by way of an equitable mortgage on the immovable property of the company situated on the leasehold land at Deonar, Mumbai. Balance outstanding as on 31st March, 2013: ₹ 171.33 Lacs (Previous Year ₹ 171.33 Lacs).

- II. The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company are as under:

₹ in Lacs

Particulars	As at 31-Mar-13	As at 31-Mar-12
Principal amount due and remaining unpaid	22.24	54.28
Interest due on above and the unpaid interest	5.36	5.24
Interest Paid	Nil	Nil
Payment made beyond the appointed day during the year	71.04	265.45
Interest due and payable for the period of delay*	10.98	Nil
Interest accrued and remaining unpaid	5.36	5.24
Amount of further interest remaining due and payable in succeeding years	5.36	5.24

*Not claimed by parties.

III. Contingent Liabilities not provided for in respect of:

- a. Claims against the company not acknowledged as debts: ₹ 276.44 Lacs (Previous Year: ₹ 311.24 Lacs).
- b. Disputed sales tax/Excise demands under appeal ₹ 76.30 Lacs (Previous Year: ₹ 76.30 Lacs).
- c. Corporate Guarantees given to banks & financial institutions for credit facilities/performance guarantees extended by them to Batliboi Environmental Engineering Limited (BEEL), a related party: ₹ 2,390 Lacs (Previous year: ₹ 2,960.00 Lacs). Balance outstanding as on 31st March, 2013: ₹ 2,155.50 Lacs (Previous Year: ₹ 2,207.97 Lacs).
- d. Guarantees given on behalf of the Company by its bankers and outstanding ₹ 1,278.23 Lacs (Previous year: ₹ 1,379.41 Lacs). Out of the above, Guarantees of ₹ 116.12 Lacs (Previous year ₹ 182.42 Lacs) given by Company's bankers and outstanding in respect of contracts of Batliboi Environmental Engineering Limited (BEEL), a related party.
- e. In respect of guarantees given by the company to the bankers of Batliboi Environmental Engineering Limited (BEEL), a related party, BEEL has given counter guarantees on behalf of the Company.
- f. Company has given Corporate Guarantee to others on behalf of its step down subsidiary Quickmill Inc amounting to CAD 0.739 Million equivalent to ₹ 394.41 Lacs (Previous Year CAD 0.942 Million equivalent to ₹ 479.82 Lacs).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE NO. 16 : (Contd.)

IV. Commitments:

- a) Estimated amount of contracts remaining to be executed on capital account not provided for: ₹ Nil Lacs (Previous Year: ₹ 333.75 Lacs).
- b) The Company does not have any other commitment.

V. Details of Manufacturing, Trading and Services**(A) MANUFACTURING**

- (i) Consumption of Raw Materials:

₹ in Lacs

Particulars	2012-13	2011-12
a) Aluminum Sheets	58.03	71.70
b) Iron and Steel	504.46	580.74
c) Castings	132.41	405.50
d) Electric Motors	441.05	450.50
e) Scrap	704.21	480.68
f) Other Components	3,371.97	3,702.56
Sub-Total	5,212.13	5,691.68
Less: Captive Use	94.32	279.80
Total	5,117.81	5,411.88

- (ii) Manufactured Goods:

₹ in Lacs

Particulars	Sales Value	Closing Inventory	Opening Inventory
a) Machine Tools	6,345.61 (6,640.43)	Nil (19.10)	19.10 (37.10)
b) Humidification Air Control/Exhaust Fans & Compressors	3,450.64 (3,386.16)	Nil (Nil)	Nil (Nil)
c) Castings	13.39 (17.00)	Nil (Nil)	Nil (Nil)
d) Spares	Nil (Nil)	Nil (Nil)	Nil (Nil)
Total	9,809.64 (10,043.59)	Nil (19.10)	19.10 (37.10)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE NO. 16 : (Contd.)

(iii) Work In Progress:

₹ in Lacs

Particulars	Closing Inventory	Opening Inventory
a) Machine Tools	825.49 (1,055.00)	1055.00 (988.00)
b) Humidification Air Control/Exhaust Fans & Compressors	196.73 (235.54)	235.54 (328.09)
c) Castings	18.65 (52.80)	52.80 (32.24)
d) Spares	Nil (Nil)	Nil (Nil)
Total	1,040.87 (1,343.34)	1,343.34 (1,349.33)

B. TRADING:

₹ in Lacs

Particulars	Purchase	Sales	Opening Inventory	Closing Inventory
a) Machine Tools	732.79 (638.57)	786.05 (702.37)	Nil (Nil)	Nil (Nil)
b) Humidification Air Control/Exhaust Fans & Compressors	416.93 (486.22)	606.28 (780.74)	4.19 (4.11)	3.33 (4.19)
c) Knitting Oil & Digital Printing Ink	426.43 (323.76)	549.50 (403.47)	45.16 (37.49)	42.20 (45.16)
Total	1,576.15 (1,448.56)	1,941.83 (1,886.58)	49.35 (41.60)	45.53 (49.35)

C. SERVICES:

₹ in Lacs

Particulars	2012-13	2011-12
Commission	809.74	836.69
Service Charges	233.55	247.97
Total	1,043.29	1,084.66

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

₹ in Lacs

Particulars	2012-13	2011-12
a) Raw Materials and Components	466.36	645.79
b) Purchases for Trading	58.08	22.67
Total	524.44	668.48

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE NO. 16 : (Contd.)

VII. Expenditure in Foreign Currency:

₹ in Lacs

Particulars	2012-13	2011-12
a) Traveling Expenses	68.47	17.22
b) Interest on ECB Loan	7.36	35.39
c) Commission and Royalty & Technical Fees	20.46	30.49
d) Others	—	0.08
Total	96.29	83.18

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

Particulars	2012-13		2011-12	
	% of Total Consumption	₹ in Lacs	% of Total Consumption	₹ in Lacs
a) Raw Materials & Components				
Imported	14%	726.94	15%	790.17
Indigenous	86%	4,390.87	85%	4,621.71
	100%	5,117.81	100%	5,411.88
b) Stores, Spares & Loose Tools				
Imported	0%	Nil	0%	Nil
Indigenous	100%	159.97	100%	177.84
	100%	159.97	100%	177.84

IX. Earnings in Foreign Currency:

₹ in Lacs

Particulars	2012-13	2011-12
Commission / Other Income	797.87	833.57
Total	797.87	833.57

X. Audit, Legal & Professional Charges (excluding Service tax), include the following payments to Auditors:

₹ in Lacs

Particulars	2012-13		2011-12	
	Statutory Auditors	Branch Auditors	Statutory Auditors	Branch Auditors
a) Audit Fees	7.75	1.25	7.75	1.25
b) Tax Audit	—	0.50	—	0.50
c) Certification	2.47	—	2.62	1.75
d) Expenses	0.55	0.91	0.25	0.81
e) Other Services	3.00	2.11	3.00	—
Total	13.77	4.77	13.62	4.31

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE NO. 16 : (Contd.)

XI. A. Construction Contracts:

I.	1.	Method used to determine the Contract Revenue:	Percentage Completion method	
	2.	Method used to determine stage of completion of contract in progress	The Proportion that the contract cost incurred for work performed up to reporting date bears to the estimated total contract cost	
			₹ in Lacs	
			2012-13	2011-12
	3.	Total Contract Revenue recognized as Revenue during the year	29.58	263.26
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	56.60	114.75
	b.	Amount due from/(to) customers	56.02	98.50
	c.	Advances received from customers	0.58	16.22

XI. B. The effects of Changes in Foreign Exchange Rates:

(a) Foreign Currency Long Term Loan includes:

- (i) CAD 144000 i.e. ₹ 76.85 Lacs against which the company has not taken any forward cover as at balance sheet date.
- (ii) EURO 26800 i.e. ₹ 18.65 Lacs against which the company has not taken any forward cover as at balance sheet date. The company has natural hedge against commission receivable.
- (iii) USD 57923 i.e. ₹ 31.45 Lacs against which the company has no forward cover or natural hedge.
- (iv) The company has no exposure by way of derivative contracts.

(b) Exchange Gains/Loss credited/charged to Profit and Loss Account: Exchange Loss ₹ 58.55 Lacs (Previous year Exchange Gain ₹ 254.97 Lacs).

XI. C. As per Accounting Standard 15 Employee Benefits - the disclosures as defined in the Accounting Standard is given below:

I. Defined Contribution Plans:

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

₹ in Lacs

Particulars	2012-13	2011-12
a) Contribution to Employees Provident Fund i.r.o. Employees at manufacturing facilities	48.41	47.83
b) Contribution to Employees Superannuation Fund	24.49	33.41

II. Defined Benefit Plans/Compensated Absence:

General description of Defined Benefit Plan

Gratuity:

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
NOTE NO. 16 : (Contd.)
Gratuity and Compensated Absence as per actuarial valuation on 31st March, 2013 (31st March, 2012):

₹ in Lacs

	Gratuity	Leave Encashment	Compensated Absence
	Non-funded	Non-funded	Non-funded
● Changes in the Present Value of Obligation			
a) Present Value of Obligation as at 1 st April, 2012	530.71 (525.65)	127.00 (123.51)	7.45 (9.65)
b) Interest Cost	42.46 (42.05)	10.16 (9.88)	— (—)
c) Service Cost	25.48 (24.94)	16.91 (15.54)	— (—)
d) Curtailment Cost/(Credit)	—	—	—
e) Settlement Cost/(Credit)	—	—	—
f) Benefits Paid	23.94 (65.92)	23.88 (23.00)	— (—)
g) Interest guarantee (if relevant)	—	—	—
h) Actuarial (Gain)/Loss	(85.61) (3.99)	(8.64) (1.07)	2.41 (-2.20)
i) Present Value of Obligation as at 31 st March, 2013	489.10 (530.71)	121.55 (127.00)	9.86 (7.45)
● Changes in the Fair Value of Plan Assets			
a) Present Value of Plan Assets as at 1 st April, 2012	NIL	NIL	NIL
b) Expected Return on Plan Assets	NA	NA	NA
c) Actuarial (Gain)/Loss	NIL	NIL	NIL
d) Employers' Contributions	NIL	NIL	NIL
e) Benefits Paid	NA	NA	NA
f) Present Value of Obligation as at 31 st March, 2013	NIL	NIL	NIL
● Amount Recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets			
a) Present Value of Defined Benefit Obligation as at 31 st March, 2013	489.10 (530.71)	121.55 (127.00)	NIL (NIL)
b) Fair Value of Plan Assets as at 31 st March, 2013	NIL	NIL	NIL
c) Net Liability recognized in the Balance Sheet as at 31 st March, 2013	489.10 (530.71)	121.55 (127.00)	NIL (NIL)
● Expenses Recognized in the Profit and Loss Account			
a) Service Cost	25.48 (24.94)	16.91 (15.54)	NIL (NIL)
b) Interest Cost	42.46 (42.05)	10.16 (9.88)	NIL (NIL)
c) Expected Return on Plan Assets	NIL	NIL	NIL
d) Curtailment Cost/(Credit)	NIL	NIL	NIL
e) Settlement Cost/(Credit)	NIL	NIL	NIL
f) Net Actuarial (Gain)/Loss	(85.61) (3.99)	(8.64) (1.07)	NIL (NIL)
g) Total Expenses recognized in the Profit and Loss Account	17.67 (70.98)	18.43 (26.49)	NIL (NIL)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE NO. 16 : (Contd.)

		Gratuity	Leave Encashment	Compensated Absence
		Non-funded	Non-funded	Non-funded
●	Actual Return on Plan Assets			
●	Estimated Contribution to be made in the next annual year			
●	The Composition of Plan Assets: i.e. Percentage of each Category of Plan Assets to Total Fair Value of Plan Assets as at 31 st March, 2013	NIL	NIL	NIL
	a) Govt of India Securities	NA	NA	NA
	b) Corporate Bonds	NA	NA	NA
	c) Special Deposit Scheme	NA	NA	NA
	d) Equity Shares of Listed Companies	NA	NA	NA
	e) Property	NA	NA	NA
	f) Insurance Managed Funds	NA	NA	NA
	g) Others	NA	NA	NA
	Total	NA	NA	NA
●	Actuarial Assumptions			
	Retirement age	58 years for employees at manufacturing facilities at Udhana and 60 years at other locations.		
	Discount rate	8.00%		
	Mortality	LIC(1994-96) ULTIMATE		
	Withdrawal rate	1% p.a		
	Salary escalation*	4% p.a		

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

III. Provident fund:

The fair value of the assets of Provident Fund Trust as of balance sheet date is greater than the obligation, including interest, and also the returns on these plan assets including the amount already provided are sufficient to take care of PF interest obligations, over and above the fixed contribution recognized.

XI. D. Segment Reporting:

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

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

The company has classified its business into four major segments:

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
NOTE NO. 16 : (Contd.)

i) Primary Segments Reporting (Based on Business Segments)

₹ in Lacs

	Machine Tools Group		Textile Engineering Group		Air-conditioning & Refrigeration Group		Others		Un-allocated		Total Company	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Segment Revenue												
Total Segment Revenue	6,750.63	7,074.41	4,936.45	4,669.74	160.28	440.45	—	—	197.77	203.25	12,045.13	12,387.85
Segment Revenue from external customers	6,750.63	7,074.41	4,936.45	4,669.74	160.28	440.45	—	—	197.77	203.25	12,045.13	12,387.85
Segment Results												
Profit/(Loss) before Interest & Tax	(963.69)	(266.70)	200.38	360.58	(19.95)	(102.64)	—	—	1,469.01	687.78	685.75	679.03
Less: Finance Cost	—	—	—	—	—	—	—	—	624.59	608.45	624.59	608.45
Total Profit/(Loss) before Tax	(963.69)	(266.70)	200.38	360.58	(19.95)	(102.64)	—	—	844.42	79.33	61.16	70.58
Less: Tax Expenses	—	—	—	—	—	—	—	—	13.07	38.00	13.07	38.00
Total Profit/(Loss) after Tax	(963.69)	(266.70)	200.38	360.58	(19.95)	(102.64)	—	—	831.35	41.33	48.09	32.58
Segment wise Capital Employed	3,024.57	3,615.80	272.70	205.07	80.25	155.29	(1.65)	(1.65)	2,493.96	1,849.31	5,869.83	5,823.82
(Segment Assets Less Segment Liabilities)												
Segment Assets	5,492.37	6,012.83	1,857.41	1,971.23	3,23.81	603.92	0.47	0.47	7,141.14	7,317.54	14,815.20	15,905.99
Segment Liabilities	2,467.80	2,397.03	1,584.71	1,766.16	243.56	448.63	2.12	2.12	4,647.18	5,468.23	8,945.37	10,082.17
Capital Expenditure	—	—	—	—	—	—	—	—	281.18	281.03	281.18	281.03
Depreciation	78.22	59.71	29.86	26.78	1.60	1.91	—	—	73.06	66.07	182.74	154.47

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.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**NOTE NO. 16 : (Contd.)****XI. E. Related Party Disclosures:**

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

A) Relationships:

- i) Subsidiary companies:
 - a) Queen Projects (Mauritius) Ltd – Mauritius
 - b) Vanderama Holdings Ltd – Cyprus
 - c) Pilatus View Holdings AG – Switzerland
 - d) Quickmill Inc. – Canada
 - e) Aesa Air Engineering SA – France
 - f) Aesa Air Engineering SPA – Italy
 - g) Aesa Air Engineering Pte Ltd. – Singapore
 - h) Aesa Air Engineering Ltd. – Hong Kong
 - i) Aesa Air Engineering Ltd. – China
 - j) Aesa Air Engineering Pvt. Ltd. – India
 - k) 760 Rye Street Inc. – Canada
- ii) Key Management Personnel:

Mr. Nirmal Bhogilal, Chairman & Managing Director
- iii) Relatives of Key Management Personnel:
 - a) Mr. Pratap Bhogilal, Chairman Emeritus
 - b) Mr. Kabir Bhogilal, Vice president – Corporate Strategy
 - c) Mrs. Sheela Bhogilal
 - d) Mrs. Maya Goyel
- iv) Entities over which key management personnel are able to exercise significant influence:
 - a) Batliboi Environmental Engineering Ltd.
 - b) Batliboi International Ltd.
 - c) Batliboi Impex Ltd.
 - d) Batliboi Enxco Pvt. Ltd.
 - e) Sustime Pharma Ltd.
 - f) Spartan Electricals
 - g) Bhagmal Investments Pvt. Ltd.
 - h) Delish Gourment Pvt. Ltd. *
 - i) Hitco Investments Pvt. Ltd. *
 - j) Nirbhag Investments Pvt. Ltd. *
 - k) Pramaya Shares & Securities Pvt. Ltd. *
- v) Entities in which management personnel are trustees :
 - a) Bhogilal Leherchand Foundation*
 - b) Leherchand Uttamchand Trust Fund*
 - c) Shekhama Family Trust

* No transaction with the entities during the year.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE NO. 16 : (Contd.)

B) Transactions & Outstanding Balances:

₹ in Lacs

	Subsidiary Companies		Entities		Key Management Personnel & their Relatives	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
I) Transactions						
a) Purchase of goods/materials/ services/fixed assets/ investments	38.72	62.62	602.65	835.09	—	—
b) Sale of goods/materials/services/ fixed assets/investments/recovery of expenses	125.40	144.72	1,011.05	448.85	—	—
c) Rent/License Fee Paid	—	—	0.51	0.54	5.40	5.40
d) Interest Paid (Received)	0.60	—	17.25	6.26	45.82	19.05
e) Unsecured Loan Received/ (Refunded) (Net)	—	30.00	(29.07)	260.00	(131.30)	265.00
f) Loans & Advances in cash or kind Received/(Refunded) (Net)	—	50.95	—	266.74	—	—
g) Preference Share Capital	—	—	—	—	—	100.48
h) Gross Salary/Remuneration	—	—	—	—	117.19	115.07
II) Outstanding Balances as at 31st March, 2013 i.r.o:						
a) Unsecured Loans Received	—	30.00	115.99	312.00	223.70	335.00
b) Loans & Advances – Given	—	—	—	266.00	—	—
c) Other Receivable (for goods, services & other items)	162.57	93.90	1,082.89	667.03	—	—
d) Other Payables (for goods, services & other items)	95.32	98.64	81.16	107.58	—	—

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE NO. 16 : (Contd.)

XI. F. Earning Per Share

Basic & Diluted Earnings Per Share:

Workings of EPS	2012-13	2011-12
A. Profit after tax		
Net Profit/(Loss) available for Equity Shareholders: ₹ in Lacs	48.09	32.58
B. Weighted Average Number of Equity Shares for computation of Basic & Diluted Earning Per Share: Nos.	2,86,82,550	2,86,82,550
C. Basic & Diluted Weighted Average Earning/(Loss) Per Share: ₹	0.17	0.11

Note: Options under the Employee Stock Option Scheme have not been vested as at the Balance Sheet date. Therefore they have not been considered for diluted earning per share.

XI. G. Taxes on Income:

Deferred Taxes: The major components of Deferred Tax Assets and Liabilities are set out below:

₹ in Lacs

	31-Mar-13	31-Mar-12
i. Deferred Tax Assets:		
Unabsorbed Business Loss/Unabsorbed Depreciation	349.84	321.24
Provision for Doubtful Debts, Advances, Diminution in Value of Investments and Employee Benefits	85.07	114.22
ii. Deferred Tax Liabilities:		
Depreciation on Fixed Assets	493.91	473.46
iii. Net Deferred Tax Assets/(Liabilities)	(59.00)	(38.00)

XI. H. Provisions, Contingent Liabilities and Contingent Assets

Disclosure for Provisions in terms of Accounting Standard-29:

₹ in Lacs

Provisions	Opening Amount	Additional Provision	Amount used	Amount Reversed	Closing Amount
2012-13	230.58	75.20	23.84	87.11	194.84
2011-12	235.99	74.07	23.18	56.30	230.58

The aforesaid Provisions are made towards claims made by Sales Tax and Excise Authorities pending under appeal and provisions for warranty cover related to Goods sold and jobs executed.

- XII. A.** Balances of receivables and payables are as per books of account. Letters have been sent to selected parties seeking confirmation of balances, and replies are awaited. Adjustments, if necessary, will be made on receipt of such confirmations/reconciliation.
- B.** In the opinion of the management, current assets, long term loans and advances and other non-current assets 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.
- C.** Assets and Liabilities are classified as current or non current based on the terms of contract where available and based on the judgment of the management in other cases.

Batliboi Ltd.

XIII. The company has investment in its subsidiary Aesa Air Engineering SA-France whose accumulated losses are greater than the net worth. In the opinion of the Management, having regard to the long term interest of the company in the said subsidiary and considering that the said subsidiary has made profits during the current financial year and also considering the cash flow projections of the subsidiary, there is no diminution other than temporary, in the value of the Investments.

The Company has investments in Batliboi Environmental Engineering Ltd, (BEEL) of ₹ 191.21 Lacs. BEEL has accumulated losses which have significantly eroded their net worth. In the opinion of the Management, having regard to the long term interest of the company in BEEL, there is no diminution other than temporary, in the value of the Investments.

XIV. Pursuant to the resolution passed in the extra ordinary general meeting in the year 2011-12, the company has reserved 28,68,255 options to the eligible employees of the company and its subsidiaries under the Employee Stock Option Scheme. The exercise price for option is ₹ 15.75 (same as the market price on the grant date). Each option entitles the option holder to subscribe to one equity share of the Company.

Out of the above reserved options, 10,00,000 options have been granted in the year 2011-12. During the year further 1,00,000 options have been granted The granted options would vest in the eligible employees as follows:

- 1/3rd of the total number of options granted after 36th month from the date of grant of options.
- 1/3rd of the total number of options granted after 48th month from the date of grant of options.
- Balance 1/3rd of the total number of option granted after 60th month from the date of grant of options.

All the options granted as above have not been vested as at the Balance Sheet date.

Since the market price of share of the company on the grant date was the same as the exercise price, the intrinsic value of the option was nil and no employee compensation cost accrued.

XV. Previous year's figures have been reclassified and regrouped to conform to current year's classification and grouping. Figures in bracket represent previous year's figures.

As per our report attached of even date

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

Chartered Accountants

Firm Regn. No.: 109208W

G. SANKAR

Partner

Membership No.: 46050

Mumbai

Dated : 11th May, 2013

For and on behalf of the Board of Directors

NIRMAL BHOGILAL

Chairman & Managing Director

E. A. KSHIRSAGAR

Director

Mumbai

Dated : 11th May, 2013

VINEET GOEL

Chief Financial Officer

GAURANG SHAH

*Chief Corporate Counsel &
Company Secretary*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Batliboi Limited

We have audited the accompanying consolidated financial statements of Batliboi Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of ₹ 7,190.13 Lacs as at March 31, 2013, total revenues of ₹ 14,738.53 Lacs and net cash outflows amounting to ₹ 1,694.26 Lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For V. Sankar Aiyar & Co.,
Chartered Accountants.
Firm Reg. No. 109208W

Sd/-
G.Sankar
Partner
Membership No. 46050

Place : Mumbai,
Date: 11th May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

₹ in Lacs

	Notes	As at 31-Mar-13	As at 31-Mar-12
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	2,126.61	2,126.61
Reserves and Surplus	2	3,969.35	3,761.72
		<u>6,095.96</u>	<u>5,888.33</u>
Minority Interest			
		—	—
Non-Current Liabilities			
	3		
Long Term Borrowings		1,781.68	2,372.80
Deferred Tax Liabilities		99.56	78.76
Other Long Term Liabilities		1,337.10	1,268.95
Long Term Provisions		688.75	766.09
		<u>3,907.09</u>	<u>4,486.60</u>
Current Liabilities			
	4		
Short Term Borrowings		2,454.86	2,895.78
Trade Payables		4,980.08	4,519.86
Other Current Liabilities		4,316.27	4,203.24
Short-Term Provisions		251.06	177.01
		<u>12,002.27</u>	<u>11,795.89</u>
TOTAL		<u><u>22,005.32</u></u>	<u><u>22,170.82</u></u>
ASSETS			
Non-Current Assets			
Fixed Assets			
	5		
Tangible Assets		6,756.01	6,260.68
Goodwill on Consolidation		1,169.70	1,169.70
Intangible Assets		1,774.36	1,829.00
Capital Work In Progress		281.18	281.03
		<u>9,981.24</u>	<u>9,540.41</u>
Non-Current Investments	6	196.99	196.99
Long Term Loans and Advances	7	310.31	305.41
Other Non-Current Assets	7	280.58	232.32
Current Assets			
	8		
Current Investments		7.82	249.09
Inventories		4,104.17	5,211.89
Trade Receivables		5,478.30	4,666.89
Cash and Bank Balances		840.28	700.07
Short-Term Loans and Advances		805.64	1,067.73
		<u>11,236.20</u>	<u>11,895.67</u>
TOTAL		<u><u>22,005.32</u></u>	<u><u>22,170.82</u></u>

Significant Accounting Policies
Notes on Financial Statements

1 to 16

As per our report attached of even date

For and on behalf of the Board of Directors

For **V. SANKAR AIYAR & CO.**
Chartered Accountants
Firm Regn. No.: 109208W**NIRMAL BHOGILAL**
Chairman & Managing Director**VINEET GOEL**
Chief Financial Officer**G. SANKAR**
Partner
Membership No.: 46050**E. A. KSHIRSAGAR**
Director**GAURANG SHAH**
Chief Corporate Counsel &
Company SecretaryMumbai
Dated : 11th May, 2013Mumbai
Dated : 11th May, 2013

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

		₹ in Lacs	
	Notes	Year Ended 31-Mar-13	Year Ended 31-Mar-12
INCOME			
Revenue from Operations	9	26,728.64	24,469.94
Other Income	10	370.57	866.64
TOTAL REVENUE		<u>27,099.21</u>	<u>25,336.58</u>
EXPENDITURE			
Cost of Materials Consumed	11	13,188.76	12,143.65
Purchases of Stock in Trade	11	1,582.98	1,448.56
Changes in Inventories of Finished goods, Work in progress & Stock in Trade	11	351.84	231.13
Employee Benefit Expenses	12	5,483.16	4,850.71
Finance Costs	13	893.37	877.83
Depreciation		660.42	631.43
Other Expenses	14	5,611.84	5,104.05
TOTAL EXPENSES		<u>27,772.37</u>	<u>25,287.36</u>
Profit / (Loss) Before Exceptional Items & Taxes		(673.15)	49.22
Exceptional Items - (Expenses) / Income	15	1,011.61	—
Profit Before Taxes		338.46	49.22
Tax Expenses			
Current Tax		96.56	75.22
Deferred Tax (Net)		18.83	42.83
MAT Credit available for set off		(13.00)	(16.00)
Tax Adjustments in respect of earlier years		(7.93)	—
Profit / (Loss) for the year		244.01	(52.82)
Earnings Per Share (Basic & Diluted)			
(Face Value of ₹ 5/- per Share)		0.85	(0.18)
Significant Accounting Policies Notes on Financial Statements	1 to 16		

As per our report attached of even date

For **V. SANKAR AIYAR & CO.**
Chartered Accountants
Firm Regn. No.: 109208W

G. SANKAR
Partner
Membership No.: 46050

Mumbai
Dated : 11th May, 2013

For and on behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

E. A. KSHIRSAGAR
Director

Mumbai
Dated : 11th May, 2013

VINEET GOEL
Chief Financial Officer

GAURANG SHAH
Chief Corporate Counsel &
Company Secretary

COSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	Year Ended 31-Mar-13	Year Ended 31-Mar-12		
I. CASH FLOW ARISING FROM OPERATING ACTIVITIES:				
Net Profit before Tax and Exceptional items	(673.15)		49.22	
Add Back :				
a) Depreciation	660.42		631.43	
b) Interest	671.75		588.92	
c) Loss on Sale/Disposal of Assets	11.68		—	
d) Debit balances written off	104.56		137.47	
e) Foreign Exchange Loss	34.92		76.09	
f) Provision for Doubtful Debts/Other Advances	(19.10)		(36.70)	
g) Leave Encashment Provision	0.86		(8.38)	
h) Difference in Translation Reserve	(36.90)		(339.61)	
i) Provision for Gratuity	(1.76)	1,426.45	23.20	1,072.43
Deduct :				
a) Income from Investments (Dividend)	0.62		0.62	
b) Surplus on Sale of Assets	1.56		48.86	
c) Unclaimed Credit Balances Appropriated	175.88	178.06	288.75	338.23
Operating Profit Before Working Capital Changes	575.24			783.43
Deduct :				
a) Increase in Trade Receivables & Advances	446.15		—	
b) Decrease in Trade and Other Payables	—	446.15	772.86	772.86
Add :				
a) Decrease in Inventories	1,107.73		177.29	
b) Decrease in Trade Receivables & Advances	—		882.97	
c) Increase in Trade and Other Payables	1,109.62	2,217.35	—	1,060.26
		2,346.44		1,070.83
Income Taxes Paid		73.65		55.48
Net Cash Inflow / (Outflow) from Operations (A)		2,272.79		1,015.35
II. CASH FLOW ARISING FROM INVESTING ACTIVITIES:				
Inflow :				
a) Sale of Fixed Assets	1,096.89		105.31	
b) Income from Investments (Dividend)	0.62	1,097.50	0.62	105.93
Deduct :				
Outflow :				
a) Acquisition of Fixed Assets	1,148.20	1,148.20	583.60	583.60
Net Cash Inflow / (Outflow) in course of Investing Activities (B)		(50.70)		(477.67)

**COSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

₹ in Lacs

	Year Ended 31-Mar-13	Year Ended 31-Mar-12	
III. CASH FLOW ARISING FROM FINANCING ACTIVITIES:			
Inflow :			
a) Increase in Preference Capital + Application for Preference Capital	—	100.48	
b) Decrease in Bank Deposits	19.18	—	
c) Increase in Term Loan	73.78	315.99	
d) Increase in Unsecured Loan	86.00	903.00	1,319.47
	<u>178.96</u>	<u>1,319.47</u>	
Deduct :			
Outflow :			
(a) Increase in Bank Deposits	—	11.20	
(b) Repayment of Term Loan	840.74	1,172.58	
(c) Decrease in Working Capital Borrowings	494.41	101.40	
(d) Decrease in Unsecured Loans	253.81	—	
(e) Net Interest Paid	652.71	599.49	1,884.67
	<u>2,241.66</u>	<u>1,884.67</u>	
Net Cash Inflow / (Outflow) in course of Financing Activities (C)	(2,062.70)	(565.20)	
Net Increase / (Decrease) in Cash / Cash Equivalents (A+B+C)	159.39	(27.53)	
Cash / Cash Equivalents at the beginning of the year	558.35	585.88	
Cash / Cash Equivalents at the close of the year	717.75	558.35	
Net Increase / (Decrease) in Cash / Cash Equivalents	159.39	(27.53)	

As per our report attached of even date

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

Chartered Accountants

Firm Regn. No.: 109208W

G. SANKAR

Partner

Membership No.: 46050

Mumbai

Dated : 11th May, 2013

For and on behalf of the Board of Directors

NIRMAL BHOGILAL

Chairman & Managing Director

E. A. KSHIRSAGAR

Director

Mumbai

Dated : 11th May, 2013**VINEET GOEL**

Chief Financial Officer

GAURANG SHAHChief Corporate Counsel &
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES**1. BASIS OF CONSOLIDATION**

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

A) Basis of accounting:

- (i) The Financial Statements of the subsidiary companies used in the preparation of the Consolidated Financial Statements are drawn up to the same reporting date as that of the Company i.e. 31st March, 2013.
- (ii) The Consolidated Financial Statements have been prepared under the historical cost convention (except for certain fixed assets of the parent and one of the subsidiaries which have been revalued) in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

B) Principles of Consolidation:

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

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

C) The subsidiary companies which are included in consolidation and the percentage of ownership interest therein of the Parent as on 31st March 2013 are as under:

Sr.No.	Name of the Subsidiary	% of Ownership interest as on 31st March, 2013	Country of Incorporation	Date since it became subsidiary
1.	Queen Projects (Mauritius) Ltd.	100%	Mauritius	10.04.2007
2.	Vanderma Holdings Ltd.	100%	Cyprus	10.04.2007
3.	Pilatus View Holding AG	100%	Switzerland	10.04.2007
4.	Quickmill Inc.	100%	Canada	12.04.2007
5.	760 Rye Street Inc.	100%	Canada	15.04.2009
6.	AESA Air Engineering S.A.	70%	France	06.07.2007
7.	AESA Air Engineering Pvt. Ltd.	70%	India	06.07.2007
8.	AESA Air Engineering SPA	70%	Italy	06.07.2007
9.	AESA Air Engineering Ltd.	70%	Hong Kong	06.07.2007
10.	AESA Air Engineering Pte. Ltd.	70%	Singapore	06.07.2007
11.	AESA Air Engineering Ltd.	70%	China	06.07.2007

SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

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

4. FIXED ASSETS

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

5. DEPRECIATION

- a) Depreciation on all assets of the Parent at Manufacturing Unit at Udhna, excepting those of Tool Room, certain assets transferred from branches to the manufacturing units and the Wind Mill is provided under the Straight Line Method at the rates and manner prescribed in Schedule XIV of the Companies Act, 1956.
- b) Depreciation on all other assets of the Parent, assets of Tool Room and assets transferred to manufacturing unit from branches is provided under the Written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- c) In case of subsidiaries, Leasehold improvements are amortized over the remaining period of the primary lease or the useful life, whichever is earlier.
- d) Depreciation on assets of the overseas subsidiaries are provided over its useful economic life determined by the management of the respective subsidiary, as under:

	Quickmill Inc., Canada	760 Rye Street Inc., Canada	Aesa Air-Engineering, SA France*
Building	N.A.	4% on written down value	15 years
Leasehold improvements	50% on written down value		N.A.
Machinery and Equipment	20% on written down value		3-10 years
Furniture and Fixtures	20% on written down value		10 years
Computers/Office Equipment	30% on written down value		1-7.5 years
Computer Software	100% on straight line		1-3 years
Vehicles/Transport Equipment	30% on written down value		1-4 years
Intangible Assets	Impairment Test		4-10 years

*Aesa Air-engineering, SA France and its subsidiaries

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

SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

6. IMPAIRMENT OF ASSETS

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

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

7. INTANGIBLE ASSETS

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

8. INVESTMENTS

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

9. VALUATION OF INVENTORIES

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

10. EMPLOYEE BENEFITS

A) Short Term Employee Benefits

All employee benefits falling due wholly within 12 months of rendering the services are classified as short term benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

B) Post-Employment Benefits

a) Defined Contribution Plans:

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

b) Defined Benefits Plans:

- i. The Parent Company's liabilities towards gratuity, leave encashment and compensated absence are determined and provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method for measuring the liability is the Projected Unit Credit Method.

SIGNIFICANT ACCOUNTING POLICIES – (Contd.)

- ii. In respect of employees, other than those working at manufacturing facilities, provident fund contributions are made to a trust administered by trustees. The interest payable by the trust to the members shall not be lower than the statutory rate declared by the Central Government and shortfall, if any, shall be made good by the Company.
- iii. Actuarial gains and losses are immediately recognized in the Profit and Loss Account of the year without resorting to any amortization/deferment.
- iv. The Canadian subsidiary has contributions towards pension/social securities which are charged to profit & loss account as and when incurred and the French subsidiary provides for the liability on accrual basis. The subsidiaries have no further obligation beyond making the contribution.
- v. The company's overseas subsidiaries account for the defined benefits which are accounted on accrual basis. The difference between the accrual amounts and actuarial valuations are not expected to be material.

C) Termination Benefits

Termination benefits are immediately recognized as an expense in Profit and Loss account, as and when incurred.

11. EMPLOYEE STOCK OPTION SCHEME

In respect of stock options granted pursuant to the Company's stock option scheme, the intrinsic value, if any, of the option (excess of market price of the share over the exercise price of the option) on the grant date is treated as discount and accounted as employee compensation cost over the vesting period.

12. PROVISIONS AND CONTINGENT LIABILITIES

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

13. FOREIGN CURRENCY TRANSACTIONS

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

14. 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.

15. TAXES ON INCOME

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	As at 31-Mar-13	As at 31-Mar-12
NOTE 1 : SHARE CAPITAL		
AUTHORISED		
4,61,70,400 (P.Y. 4,61,70,400) Equity Shares of ₹ 5/- each	2,308.52	2,308.52
6,92,480 (P.Y. 6,92,480) Preference Shares of ₹ 100/- each	692.48	692.48
	<u>3,001.00</u>	<u>3,001.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
2,86,82,550 (P.Y. 2,86,82,550) Equity Shares of ₹ 5/- (P.Y. ₹ 5/-) each fully paid	1,434.13	1,434.13
6,92,480 (P.Y. 6,92,480) 5% - 5 Year Redeemable Non-cumulative Preference Shares of ₹ 100/- each	692.48	692.48
	<u>2,126.61</u>	<u>2,126.61</u>

Notes:

Of the above:

Equity Shares

The face value of Equity Shares of the company of ₹ 10/- each has been sub-divided into Equity Shares of ₹ 5/- each w.e.f. 4th October' 2007.

The reconciliation of the number of shares outstanding at the beginning and at the end of year is as under:

Particulars	2012-13	2011-12
Opening Number of Equity Shares	2,86,82,550	2,86,82,550
Add: Fresh Equity Shares issued during the year	—	—
Closing Number of Equity Shares	<u>2,86,82,550</u>	<u>2,86,82,550</u>

The details of Share holder holding more than 5% Equity Shares is as under:

Name of Share holder	No. of Shares	No. of Shares
Mr. Nirmal Bhogilal	2,02,48,844	2,02,48,844
% Shareholding	70.59%	70.59%

The details of Shares issued for consideration other than cash in the last 5 years are as under:

16,80,000 Equity Shares of ₹ 5/- each were issued as fully paid up in 2009 to the shareholders of erstwhile Batliboi SPM Pvt. Ltd. as per the Scheme of Amalgamation.

Preference Shares

6,92,480 5% Non Cumulative Preference Shares of ₹ 100 each (4,78,000 redeemable on 27th March, 2016 and 2,14,480 redeemable on 19th June, 2016).

The reconciliation of the number of shares outstanding at the beginning and at the end of year is as under:

Particulars	2012-13	2011-12
Opening Number of Preference Shares	6,92,480	4,78,000
Add: Fresh Preference Shares issued during the year	—	2,14,480
Closing Number of Preference Shares	<u>6,92,480</u>	<u>6,92,480</u>

Details of Share holder holding more than 5% Preference Shares are as under:

Name of Share holder	No. of Shares	No. of Shares
Mr. Pratap Bhogilal	6,92,480	6,92,480
% Shareholding	100%	100%



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	As at 31-Mar-13	As at 31-Mar-12
NOTE 2 : RESERVES AND SURPLUS		
Capital Reserves		
As per last Balance Sheet	25.00	25.00
Capital Redemption Reserve		
As per last Balance Sheet	125.60	95.60
Add : Transferred from Profit & Loss Account	<u>35.00</u>	<u>30.00</u>
	160.60	125.60
Revaluation Reserve		
As per last Balance Sheet	99.60	450.88
Less : Amount withdrawn on account of depreciation on revalued assets	2.06	2.29
Add : Addition During the year	<u>2.57</u>	<u>(348.99)</u>
	100.11	99.60
Securities Premium Reserve		
As per last Balance Sheet	393.01	393.01
General Reserve		
As per last Balance Sheet	1,224.39	1,224.39
Investment Allowance Reserve Utilised		
As per last Balance Sheet	63.05	63.05
Foreign Currency Translation Reserve		
As per last Balance Sheet	(244.44)	(265.32)
Add: For the current year	<u>(36.90)</u>	<u>20.88</u>
	<u>(281.33)</u>	<u>(244.44)</u>
	<u>1,684.82</u>	<u>1,686.21</u>
Surplus		
Opening Balance in Profit & Loss Account	2,075.52	2,158.34
Add: Profit / Loss from Profit & Loss Account	244.01	(52.82)
Less: Transfer to Capital Redemption Reserve	<u>35.00</u>	<u>30.00</u>
Closing Balance in Profit & Loss Account	<u>2,284.53</u>	<u>2,075.52</u>
TOTAL	<u>3,969.35</u>	<u>3,761.72</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	As at 31-Mar-13	As at 31-Mar-12
NOTE 3 : NON CURRENT LIABILITIES		
Long Term Borrowings		
Secured Loans		
FROM BANKS		
Rupee Term Loans	223.84	460.13
— Securities (Refer Standalone Note 16 - I a & b)		
Repayment Terms		
Repayable in E.M.I. of ₹ 13.87 lacs, maturing in October, 2015		
Car Loan (Secured by Hypothecation of Vehicle)	9.92	1.29
Repayable in various EMIs by October, 2017		
Foreign Currency Term Loan	697.79	857.86
Repayment Terms		
Repayable in Quarterly Instalments of Euro 28,230.90 by October, 2016 & Euro 4,787.56 by August, 2017.		
Promissory Note Payable	394.41	376.52
(Repayable after 1 year)		
Unsecured Loans		
Loans & Advances from Related Parties		
Loan from Director	101.70	83.00
Repayment Terms		
Repayable after one year		
Other Loans	354.01	594.00
Repayment Terms		
Repayable after one year		
	<u>1,781.68</u>	<u>2,372.80</u>
Other Long Term Liabilities		
Trade Payables	514.33	525.39
Advances and Deposits from Customers	603.45	518.35
Interest accrued and due on loans from related parties	49.79	13.14
Employee Related and Other Liabilities	169.53	212.07
	<u>1,337.10</u>	<u>1,268.95</u>
Long Term Provisions		
Provisions for Employee Benefits:		
Provision for Gratuity	456.22	577.00
Provision for Leave Encashment	117.82	115.41
Warranty Provisions	114.72	73.68
	<u>688.75</u>	<u>766.09</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	As at 31-Mar-13	As at 31-Mar-12
NOTE 4 : CURRENT LIABILITIES		
Short Term Borrowings		
SECURED		
Loans repayable on demand		
From Banks		
Cash Credit and Working Capital Borrowings	2,053.37	2,547.78
UNSECURED		
Inter Corporate Deposits	401.48	348.00
	<u>2,454.86</u>	<u>2,895.78</u>
Trade Payables		
Due to Micro Small and Medium Enterprises (Refer Standalone Note 16 - II)	22.76	54.28
Others	4,957.32	4,465.57
	<u>4,980.08</u>	<u>4,519.86</u>
Other Current Liabilities		
Advances and Deposits from Customers	2,736.18	2,362.79
Unclaimed Dividend *	8.76	8.83
Current maturities of Long Term Loan		
Rupee Term Loan from Bank	323.24	352.26
Foreign Currency Term Loan	159.94	497.38
Car Loan (Secured by Hypothecation of Vehicle)	6.30	2.05
Interest accrued but not due on loans	34.15	51.75
Statutory, Legal, Employee related and Other Liabilities	1,047.70	928.17
	<u>4,316.27</u>	<u>4,203.24</u>
Short Term Provisions		
Provisions for Employee Benefits:		
Provision for Gratuity	51.60	8.09
Provision for Leave Encashment	81.66	83.19
Warranty Provisions	117.81	85.73
	<u>251.06</u>	<u>177.01</u>

* Does not include any amounts due and outstanding, to be credited to Investor Education and Protection Fund

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE - 5 FIXED ASSETS

₹ in Lacs

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK			
	As at 1-Apr-12	Additions/ Adjustments	Deductions/ Adjustments	Exchange Difference	As at 31-Mar-13	Upto 31-Mar-12	For the Year	Deductions/ Adjustments**	Exchange Difference	Upto 31-Mar-13	As at 31-Mar-13	As at 31-Mar-12
Tangible Assets												
Land (Freehold)	2,011.73	85.55	37.18	2.95	2,063.05	—	—	—	—	—	2,063.05	2,011.73
Land (Leasehold)*	434.49	—	—	—	434.49	—	—	—	—	—	434.49	434.49
Buildings*												
On Freehold Land	1,297.45	149.09	12.01	—	1,434.53	563.45	34.09	5.19	—	592.36	842.17	733.99
On Leasehold Land	2,033.24	3.81	—	60.59	2,097.64	928.37	70.55	—	20.03	1,018.95	1,078.69	1,104.87
Plant & Machinery	6,490.88	482.77	2.23	28.40	6,999.82	4,775.92	148.13	2.09	24.56	4,946.52	2,053.30	1,714.96
Office Equipment/ Computers etc.	1,605.25	48.04	40.46	31.64	1,644.47	1,454.12	46.98	61.08	29.02	1,469.04	175.43	151.12
Furniture, Fixtures, Fans and Electrical Fittings	424.77	13.32	32.14	9.40	415.36	334.57	19.51	22.47	8.46	340.07	75.29	90.20
Vehicles	47.63	25.40	5.39	0.61	68.25	28.31	9.17	3.31	0.48	34.65	33.60	19.32
Total Tangible Assets	14,345.43	807.99	129.41	133.59	15,157.60	8,084.75	328.44	94.14	82.54	8,401.59	6,756.01	6,260.68
Intangible Assets												
Technical Know-how	3,568.68	184.38	271.58	154.92	3,636.39	1,739.67	331.98	271.58	61.95	1,862.04	1,774.36	1,829.00
TOTAL	17,914.10	992.37	400.98	288.50	18,793.99	9,824.42	660.42	365.72	144.49	10,263.62	8,530.37	8,089.68
(Previous Year)	(17,400.11)	(635.68)	(-760.16)	(638.45)	(17,914.10)	(9,545.32)	(631.43)	(-703.71)	(351.35)	(9,824.42)	(8,089.68)	(7,854.79)
Capital Work-in-Progress												
(Previous Year)											281.18	281.03
TOTAL											8,811.54	8,370.71
(Previous Year)											(8,370.71)	(8,187.89)

* Includes ₹ 434.49 Lacs value of Land and ₹ 210.23 Lacs value of Building acquired under scheme of amalgamation from erstwhile Batliboi SPM Pvt. Ltd. in respect of which title is under transfer in Company's name.

** Includes ₹ 2.06 Lacs being the depreciation on revalued assets drawn from Revaluation Reserve (SPM).



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	Numbers 31-Mar-13	Numbers 31-Mar-12	Face Value (Each ₹)	As at 31-Mar-13	As at 31-Mar-12
NOTE 6 - NON CURRENT INVESTMENTS					
TRADE INVESTMENTS					
Investment in Equity Instruments:					
In fully paid Equity Shares (Un-quoted):					
Batliboi Environmental Engineering Ltd.	19,08,930	19,08,930	10.00	191.21	191.21
NON TRADE INVESTMENTS					
Investment in Equity Instruments:					
In fully Paid Equity Shares (Quoted):					
Aturia Continental Ltd.	1,29,032	1,29,032	10.00	40.00	40.00
The Mysore Kirloskar Ltd.	2,00,277	2,00,277	10.00	9.62	9.62
Mafatlal Engg. Ind. Ltd.	348	348	100.00	0.38	0.38
The Ahmedabad Mfg. & Calico Printing Co. Ltd.	20	20	125.00	0.01	0.01
Shri Ambica Mills Ltd.	8	8	100.00	0.01	0.01
The Aruna Mills Ltd.	25	25	100.00	0.01	0.01
The Khatau Makanji Spg. & Wvg. Co. Ltd.	55	55	10.00	0.02	0.02
Padmatex Engg.Ltd.	25	25	10.00	0.00	0.00
SUB-TOTAL				<u>50.05</u>	<u>50.05</u>
In fully paid Equity Shares (Unquoted):					
Andhra Pradesh State Financial Corporation	5	5	100.00	0.01	0.01
Precision Tooling Systems Ltd.	1,500	1,500	10.00	0.15	0.15
Shree Vardhan Co.op. Bank Ltd.	200	200	25.00	0.05	0.05
Patan Co-operative Bank Ltd.	200	200	25.00	0.06	0.06
The Saraswat Co.op. Bank Ltd.	5	5	10.00	0.00	0.00
Shamrao Vitthal Co.op. Bank Ltd.	20,000	20,000	25.00	5.00	5.00
SUB-TOTAL				<u>5.27</u>	<u>5.27</u>
Investment in Preference Instruments:					
In fully paid 4% Cumulative Preference Shares (Quoted):					
The Khatau Makanji Spg. & Wvg. Co. Ltd.	5.00	5.00	100.00	0.01	0.01
SUB-TOTAL				<u>0.01</u>	<u>0.01</u>
TOTAL				<u>246.54</u>	<u>246.54</u>
Less: Provision for diminution in value of investments				49.55	49.55
GRAND TOTAL				<u>196.99</u>	<u>196.99</u>
Aggregate value of Quoted Investments				50.06	50.06
Less: Provision for diminution in value of investments				49.55	49.55
Net Value of Quoted Investments				<u>0.51</u>	<u>0.51</u>
Market Value of Quoted Investment				—	—
Aggregate value of Un-Quoted Investments				196.48	196.48

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	₹ in Lacs	
	As at 31-Mar-13	As at 31-Mar-12
NOTE 7 : LONG TERM LOANS & ADVANCES AND OTHER NON CURRENT ASSETS		
Long Term Loans & Advances		
Unsecured Considered Good Unless Specified Otherwise		
Capital Advances	1.00	4.33
Security & Other Deposits	91.16	93.52
Considered Doubtful	16.79	31.42
Less : Provision for Doubtful Deposits	16.79	31.42
SUB TOTAL	91.16	93.52
Other Loans & Advances		
Staff Loans	10.29	5.80
Advances recoverable in cash or in kind or for value to be received	121.07	127.96
SUB TOTAL	131.36	133.76
MAT Credit available for set off	86.80	73.80
	310.31	305.41

Other Non-Current Assets**Long Term Trade Receivables**

UNSECURED

Debts outstanding Considered Good	280.58	232.32
Considered Doubtful	347.42	346.78
Less: Provision for Doubtful Debts	347.42	346.78
	280.58	232.32

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	₹ in Lacs	
	As at 31-Mar-13	As at 31-Mar-12
NOTE 8 : CURRENT ASSETS		
Current Investments		
Investments in Mututal Funds in France	7.82	249.09
	<u>7.82</u>	<u>249.09</u>
Inventories (valued at lower of Cost or Net Realisable Value)		
Raw Materials	2,124.36	2,867.24
Work-in-Progress	1,917.91	1,953.19
Stock of machines, including own manufactured	45.54	362.09
Stores and Spare Parts	9.51	24.35
Loose Tools	6.86	5.02
	<u>4,104.17</u>	<u>5,211.89</u>
Trade Receivables		
UNSECURED		
Debts outstanding for a period exceeding six months Considered Good	2,087.43	1,805.25
Debts outstanding for a period less than six months Considered Good	3,390.87	2,861.64
	<u>5,478.30</u>	<u>4,666.89</u>
Cash and Bank Balances		
<u>Cash and Cash Equivalentents :</u>		
Cash and Cheques on hand and at collection centres	4.42	16.62
<u>Balances with Scheduled Banks :</u>		
In Current Account	704.57	532.91
Balances with Banks for Unpaid Dividends	8.76	8.83
	<u>717.75</u>	<u>558.35</u>
<u>Other Bank Balances :</u>		
Fixed Deposits with Banks having maturity of more than 3 Months but less than oneYear (towards Margin on Guarantees/LC's (Deposit receipts pledged with the Banks))	122.53	141.71
	<u>840.28</u>	<u>700.07</u>
Short Terms Loans and Advances		
Unsecured Considered Good Unless Specified Otherwise		
Advances recoverable in cash or in kind or for value	574.81	699.73
Staff Loans	12.62	6.09
Deposit	51.19	61.20
Balances with Excise, Sales Tax and Service Tax	125.71	254.21
Taxes paid in advance and deducted at source (Net of Provision for Tax)	41.30	46.50
	<u>805.64</u>	<u>1,067.73</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	Year Ended 31-Mar-13		Year Ended 31-Mar-12	
NOTE 9 : REVENUE FROM OPERATIONS				
Sale of Products	26,234.89		23,759.76	
Sale of Services	1,164.68		1,151.36	
Other Operating Revenue	356.25	27,755.82	485.20	25,396.32
Less : Excise Duty		1,027.18		926.38
		<u>26,728.64</u>		<u>24,469.94</u>
NOTE 10 : OTHER INCOME				
Dividend		0.62		0.62
Exchange Difference Gains		—		317.05
Profit on Sale of Fixed Assets		1.56		49.02
Excess Provision of earlier years written back		6.92		61.47
Unclaimed Credit Balances written back		168.96		288.75
Liability written back		—		48.45
Interest		19.04		34.06
Surrender of Tenancy Rights		130.00		—
Miscellaneous Receipts		43.48		67.23
		<u>370.57</u>		<u>866.64</u>
NOTE 11 : COST OF MATERIALS CONSUMED				
Raw Materials Consumed	12,602.93		11,476.90	
Less:Self Consumption for Job Contracts	5.16	12,597.77	18.17	11,458.73
Cost of Job Contracts		385.26		364.75
Cost of Services rendered		49.42		103.38
Job work charges incurred		156.31		216.79
		<u>13,188.76</u>		<u>12,143.65</u>
NOTE 11: PURCHASE OF STOCK IN TRADE				
Purchases of Stock in Trade		1,582.98		1,448.56
		<u>1,582.98</u>		<u>1,448.56</u>
NOTE 11: CHANGE IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE				
Stock at close :				
Work-in-Process	1,917.91		1,953.19	
Stock of Machines and Own Manufactured Machines (Including Excise Duty)	45.54	1,963.45	362.09	2,315.28
Less :				
Stock at Commencement :				
Work-in-Process	1,953.19		2,162.61	
Stock of Machines and Own Manufactured Machines (Including Excise Duty)	362.09	2,315.28	383.80	2,546.41
		<u>351.84</u>		<u>231.13</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

	Year Ended 31-Mar-13	Year Ended 31-Mar-12
NOTE 12 : EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages, Allowances and Bonus	4,741.71	4,078.76
Contribution to Provident and Other Funds	477.53	518.36
Payments & Provision for Gratuity	73.51	72.80
Staff Welfare Expenses	190.41	180.79
	<u>5,483.16</u>	<u>4,850.71</u>
NOTE 13 : FINANCE COST		
Interest Expenses	671.75	588.92
Other Borrowing Cost	185.90	212.82
Applicable Loss on Foreign Currency Transaction and Translation	35.71	76.09
	<u>893.37</u>	<u>877.83</u>
NOTE 14 : OTHER EXPENSES		
Rent	257.57	253.02
Rates and Taxes	100.51	112.00
Power and Fuel	258.86	219.38
Insurance	103.95	92.05
Sales Commission	677.42	522.00
Exhibitions/Advertisement Expenses	148.64	123.76
Printing and Stationery	43.92	53.56
Travelling and Conveyance	773.84	772.06
Audit, Legal and Professional Charges	359.05	335.65
Vehicle Maintenance	78.34	78.12
Packing and Cartage	654.20	509.92
Stores & Loose Tools Consumed	307.66	272.60
Repairs to Machinery	78.53	43.08
Repairs to Buildings	53.19	43.67
Repairs to Other Assets	53.83	56.11
Outsource Services	672.88	591.76
Discounts and Allowances to Customers	22.22	15.76
Directors' Sitting Fees	25.58	39.82
Donation	0.60	0.32
Loss on Sale/Assets Written Off	11.68	0.16
Bad Debts	104.56	137.47
Provision for Doubtful Debts/Advances	(19.10)	(36.70)
Exchange Difference Loss	34.92	—
Miscellaneous Expenses	808.99	868.48
	<u>5,611.84</u>	<u>5,104.05</u>
NOTE 15 : EXCEPTIONAL ITEMS		
Legal Claims	48.45	—
Profit on Sale of Land	(533.65)	—
Profit on Sale of FSI	(466.26)	—
Profit on Sale of Building	(60.15)	—
(Income) / Expenses	<u>(1,011.61)</u>	<u>—</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE : 16

1. **Contingent liabilities:** Contingent liabilities not provided for are given in Note 16 to the standalone financial statements. Guarantees given on behalf of the subsidiaries by their bankers and outstanding ₹ 481.54 Lacs (Previous year ₹ 491.61 Lacs).

Quickmill Inc has provided a general security agreement on assets of the company on behalf of 760 Rye Street Inc; subject only to the Bank of Montreal's charge on assets of the company.

2. **Intangible Assets:**

In respect of Quickmill Inc.:

The intangible Assets relate to the proprietary right to the Company's products, manufacturing processes, trade marks, customer contracts and related customer relationships acquired by its subsidiary which are amortized over 15 years. Accordingly, a sum of ₹ 166 Lacs (Previous Year ₹ 147.41 Lacs) has been charged to the Consolidated Profit and Loss account.

3. **Segment Reporting:**

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

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

The group has classified its business into four major segments:

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
NOTE NO. 16 : (Contd.)

i) Primary Segments Reporting (Based on Business Segments)

₹ in Lacs

	Machine Tools Group		Textile Engineering Group		Air-conditioning & Refrigeration Group		Others		Un-allocated		Total Company	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Segment Revenue												
Total Segment Revenue	13,550.49	12,582.92	12,829.07	11,248.49	160.28	440.45	0.00	0.00	188.80	198.08	26,728.64	24,469.94
Segment Revenue from external customers	13,550.49	12,582.92	12,829.07	11,248.49	160.28	440.45	0.00	0.00	188.80	198.08	26,728.64	24,469.94
Segment Results												
Profit/(Loss) before Interest & Tax	(613.35)	106.04	348.67	205.83	(19.65)	(102.64)	0.00	0.00	1516.17	717.83	1,231.82	927.05
Less: Finance cost	—	—	—	—	—	—	—	—	893.36	877.83	893.36	877.83
Total Profit/(Loss) before Tax	(613.35)	106.04	348.67	205.83	(19.65)	(102.64)	0.00	0.00	622.81	(160.00)	338.46	49.22
Less : Tax Expenses	—	—	—	—	—	—	—	—	94.46	102.05	94.46	102.05
Total Profit/(Loss) after Tax	(613.35)	106.04	348.67	205.83	(19.65)	(102.64)	0.00	0.00	528.35	(262.05)	244.01	(52.82)
Segment wise Capital Employed	6,632.70	7,381.77	(201.24)	(173.23)	80.25	155.29	(1.65)	(1.65)	3,143.52	2,487.54	9,653.58	9,849.72
(Segment Assets Less Segment Liabilities)												
Segment Assets	10,769.29	10,933.92	5,068.23	4,890.16	323.81	603.92	0.47	0.47	5,843.52	5,742.36	22,005.32	22,170.82
Segment Liabilities	4,136.59	3,552.15	5,269.47	5,063.39	243.56	448.63	2.12	2.12	2,700.00	3,254.82	12,351.74	12,321.10
Capital Expenditure	—	—	—	—	—	—	—	—	281.18	281.03	281.18	281.03
Depreciation	477.91	413.19	83.24	127.49	1.60	1.91	24.62	22.78	73.05	66.07	660.42	631.43

ii) Secondary Segment Reporting:

The geographic segments considered for disclosure are as follows:

₹ in Lacs

	2012-13			2011-12		
	Indian Operations	Foreign Operations	Total	Indian Operations	Foreign Operations	Total
Revenue by Geographic Market	14,105.28	12,623.36	26,728.64	15,815.06	8,654.89	24,469.94
Addition to Fixed Assets and Intangible Assets	423.82	568.55	992.37	375.17	260.51	635.68
Carrying Amount of Segment Assets	15,236.15	6,769.17	22,005.32	15,974.88	6,195.94	22,170.82

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**NOTE NO. 16 : (Contd.)****4. Related Party Disclosures:**

The subsidiaries have reported following transactions with related parties. The full disclosures in this regard are fairly reflected in the statement of related parties transactions annexed to Note no 16 XI-E-B to the standalone financial statements of Batliboi Ltd. (parent).

Transactions & Outstanding Balances:

₹ in Lacs

	Entities		Key Management Personnel & their Relatives	
	2012-13	2011-12	2012-13	2011-12
I) Transactions				
a) Purchase of goods/materials/ services/fixed assets/investments	927.81	1,136.30	—	—
b) Sale of goods/materials/services/fixed assets/investments/recovery of expenses	1,011.05	482.93	—	—
c) Rent/License Fee Paid	0.51	0.54	5.40	5.40
d) Interest Paid/(Received)	17.25	6.26	45.82	19.05
e) Unsecured Loans Received/(Refunded) (Net)	(29.07)	260.00	(131.30)	265.00
f) Loans & Advances in cash or kind Received /(Refunded) (Net)	—	266.74	—	—
g) Preference Share Capital	—	—	—	100.48
h) Gross Salary/Remuneration	—	—	117.19	115.07
II) Outstanding Balances as at 31st March, 2013 i.r.o:				
a) Unsecured Loans Received	115.99	312.00	223.70	335.00
b) Loans & Advances – Given	—	266.00	—	—
c) Other Receivable (for goods, services & other items)	1,082.89	667.03	—	—
d) Other Payables (for goods, services & other items)	237.85	263.22	—	—

5. Basic & Diluted Earnings Per Share:

Basic/Diluted Earnings Per Share has been calculated by dividing the net profit after taxation for the year as per the consolidated financial statements, which is attributable to Equity Shareholders, by Weighted Average Number of Equity Shares outstanding during the year, as under:

Basic & Diluted Earnings Per Share:

Workings of EPS	2012-13	2011-12
A. Profit after tax Net Profit/(Loss) available for Equity Shareholders: ₹ in Lacs	244.01	(52.82)
B. Weighted Average Number of Equity Shares for computation of Basic & Diluted Earning Per Share: Nos.	2,86,82,550	2,86,82,550
C. Basic & Diluted Weighted Average Earning/(Loss) Per Share: ₹	0.85	(0.18)

Note: Options under the Employee Stock Option Scheme have not been vested as at the Balance Sheet date. Therefore they have not been considered for diluted earning per share.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE NO. 16 : (Contd.)

6. Taxes on Income:

Deferred Taxes: The major components of Deferred Tax Assets and Liabilities are set out below:

₹ in Lacs

	31-Mar-13	31-Mar-12
i. Deferred Tax Assets:		
Unabsorbed Business Loss/Unabsorbed Depreciation	349.84	321.24
Provision for Doubtful Debts, Advances, Diminution in Value of Investments and Employee Benefits	85.07	114.22
ii. Deferred Tax Liabilities:		
Depreciation on Fixed Assets	534.47	514.22
iii. Net Deferred Tax Assets/(Liabilities)	(99.56)	(78.76)

7. The company has investment in its subsidiary Aesa Air Engineering SA-France whose accumulated losses are greater than the net worth. In the opinion of the Management, having regard to the long term interest of the company in the said subsidiary and considering that the said subsidiary has made operating profits during the current financial year and also considering the cash flow projections of the subsidiary, there is no impairment in the value of Goodwill on Consolidation in respect of the said subsidiary.

The Company has investments in Batliboi Environmental Engineering Ltd (BEEL), a related party, of ₹ 191.21 Lacs. BEEL has accumulated losses which have significantly eroded their net worth. In the opinion of the Management, having regard to the long term interest of the company in BEEL, there is no diminution other than temporary, in the value of the Investments.

8. Pursuant to the resolution passed in the extra ordinary general meeting in the year 2011-12, the company has reserved 28,68,255 options to the eligible employees of the company and its subsidiaries under the Employee Stock Option Scheme. The exercise price for option is ₹15.75 (same as the market price on the grant date). Each option entitles the option holder to subscribe to one equity share of the Company.

Out of the above reserved options, 10,00,000 options have been granted in the year 2011-12. During the year further 1,00,000 options have been granted. The granted options would vest in the eligible employees as follows:

- 1/3rd of the total number of options granted after 36th month from the date of grant of options.
- 1/3rd of the total number of options granted after 48th month from the date of grant of options.
- Balance 1/3rd of the total number of option granted after 60th month from the date of grant of options.

All the options granted as above have not been vested as at the Balance Sheet date.

Since the market price of share of the company on the grant date was the same as the exercise price, the intrinsic value of the option was nil and no employee compensation cost accrued.

9. Previous year's figures have been reclassified and regrouped to conform to current year's classification and grouping. Figures in bracket represent previous year's figures.

As per our report attached of even date

For **V. SANKAR AIYAR & CO.**
Chartered Accountants
Firm Regn. No.: 109208W

G. Sankar
Partner
M. No. 46050

Mumbai
Dated : 11th May, 2013

For and on behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

E.A. KSHIRSAGAR
Director

Mumbai
Dated : 11th May, 2013

VINEET GOEL
Chief Financial Officer

GAURANG SHAH
Chief Corporate Counsel &
Company Secretary

Statement pursuant to exemption received under Section 212(B) of the Companies Act, 1956 relating to Subsidiary Companies for the year ended on 31 st March, 2013

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in Subsidiaries	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
														₹ in Lacs
1	Queen Project (Mauritius) Ltd.	MUR	1.78	2,706.77	(86.12)	2,768.65	2,768.65	—	—	(21.04)	—	(21.04)	—	Mauritius
2	Vanderma Holdings Ltd.	CAD	53.37	2.77	2,815.60	3,108.99	3,108.99	—	—	(10.92)	—	(10.92)	—	Cyprus
3	Pilatus View Holdings AG	CHF	57.21	2,066.00	40.25	2,134.46	2,134.46	—	—	(1.34)	0.29	(1.63)	—	Switzerland
4	Quickmill Inc.	CAD	53.37	1,645.22	1,944.65	6,296.05	6,296.05	—	6,700.26	283.94	71.09	212.85	—	Canada
5	Aesa Air Engineering S. A.	EUR	69.61	407.20	(783.38)	2,530.28	2,530.28	7.82	6,008.84	97.79	—	97.79	—	France
6	Aesa Air Engineering S.P.A.	EUR	69.61	69.61	62.46	420.98	420.98	—	—	(12.21)	—	(12.21)	—	Italy
7	Aesa Air Engineering Pte Limited	SGD	43.81	43.81	85.62	134.43	134.43	—	—	16.67	1.20	15.47	—	Singapore
8	Aesa Air Engineering Limited	HKD	6.99	0.70	1.90	7.11	7.11	—	—	(3.58)	—	(3.58)	—	Hongkong
9	Aesa Air Engineering Limited	RMB	8.74	93.17	(454.72)	713.24	713.24	—	1,894.84	(70.76)	—	(70.76)	—	China
10	Aesa Air Engineering Private Limited	INR	1.00	20.00	54.77	610.88	610.88	0.60	948.75	9.40	5.79	3.61	—	India
11	760 Rye Street Inc.	CAD	53.37	0.00	42.35	672.12	672.12	—	—	24.64	6.58	18.06	—	Canada

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 Held	D.P. ID No.	Number of Shares held
Name of the Member (in Block Letters)	Name of the Proxy Holder (in Block Letters)	

I hereby record my presence at the 69th Annual General Meeting of the Company at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K Dubash Marg, Fort, Mumbai 400 001 on Tuesday, 6th day of August, 2013 at 2.30 p.m.

.....
Signature of Member / Proxy

BATLIBOI LTD.

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

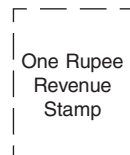


PROXY

I / We
of in the district of being Member /
Members of the abovenamed company hereby appoint Mr.....
.....
of in the district of
or failing him, Mr.
of in the district of
as my/our proxy to vote for me/us and on my/our behalf at the 69th Annual General Meeting of the Company at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K Dubash Marg, Fort, Mumbai 400 001 on Tuesday, 6th day of August, 2013 at 2.30 p.m. and at any adjournment thereof.

Signed this..... day of 2013.

Folio No. / Client ID. Signature



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



Our Network

www.batliboi.com

Corporate Office:

- Batliboi Ltd.
Bharat House, 5th Floor
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Fax : +91 (22) 2267 5601
E-mail : info@batliboi.com

Manufacturing facilities:

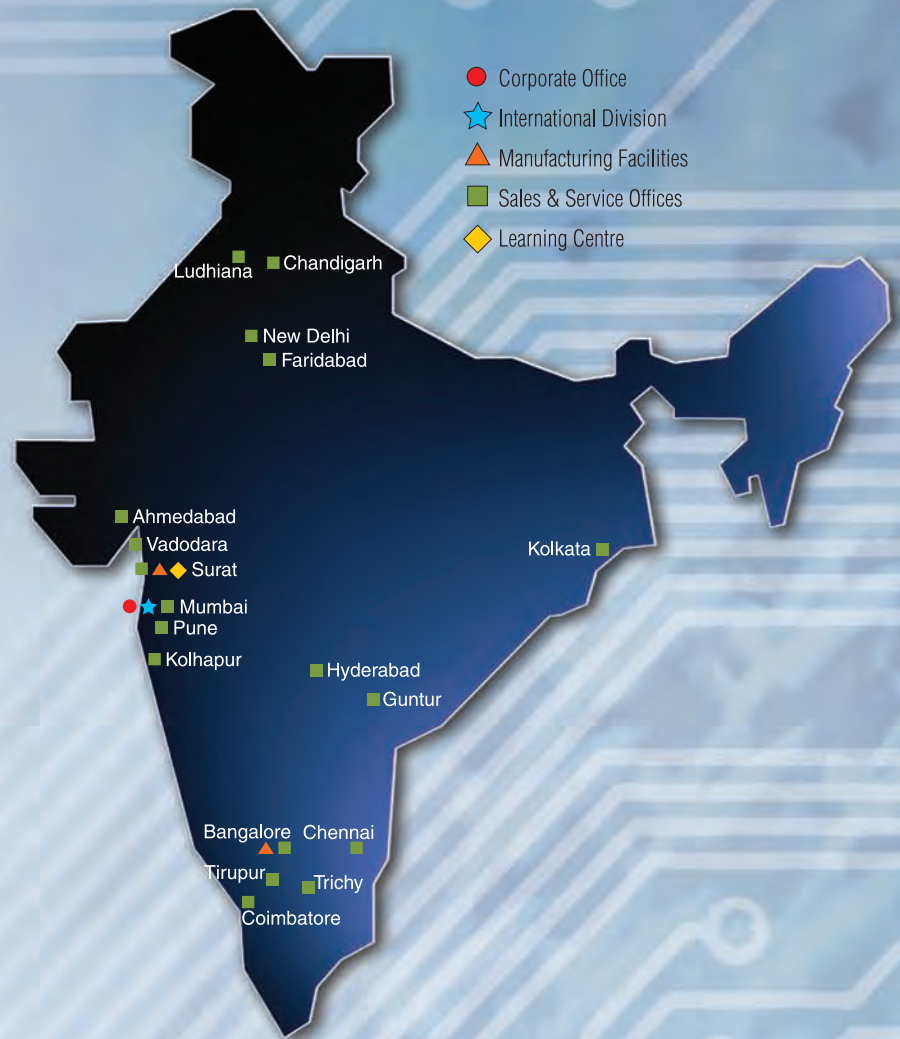
- Surat Navsari Road
Udhna – 394 220, Surat
Tel : +91 (261) 289 0551, 289 0435
Fax : +91 (261) 289 0832
E-mail : mtusales.udh@batliboi.com
- Plot No. 24, III Main, Veerasandra Industrial Area
Hosur Road, Bangalore – 560 100
Tel : +91 (80) 2783 3216, 2783 4203
Fax : +91 (80) 2783 3218
E-mail : info.spm@batliboi.com

Subsidiaries:

- Quickmill Inc
760, Rye Street, Peterborough
Ontario – K9J6W9, Canada
Tel : 1-705-745-2961
Fax : 705-745-8130
Email : info@quickmill.com
- AESA Air Engineering, SA
78, Faubourg des Vosges
BP 80135 – 68804
THANN Cedex, France
Tel : 33 (0) 389 383434
Fax : 33 (0) 389 379706
Email : aesa.fr@aesa-ae.com

Subsidiaries of AESA

- China • India • Italy
- Singapore • Hong Kong



Book-Post



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