



**Batliboi Ltd.**



**70<sup>th</sup>** Annual Report  
2013 - 2014

Portable Radial Drilling Machine  
with Universal Head – BPR 100



Horizontal Boring & Milling Machine ( Skoda )

## Machine Tools

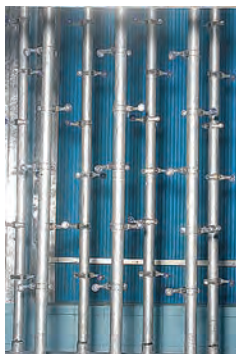


Quickdrill B 1200 X 4000 for Tube Sheet Drilling



Twin Spindle Milling Machine for Brake Components

## Textile Air Engineering



Air Washer



Cyclone Dust Collector



Automatic Control System ( Sauter )

## Green Initiative

Members of Batliboi Ltd. can have a significant impact on the environment by supporting the “Green Initiative” cause undertaken by your Company by agreeing to receive physical correspondence including the Annual Reports in electronic mode.

*\*Please refer to page 81*

## Textile Machinery



Circular Knitting Machine ( Mayer & Cie )



Continuous  
Print Washer ( Arioli )



Rotor Spinning ( Saurer Schlafhorst )

# Corporate Information

**Mr. Pratap Bhogilal**

**Chairman Emeritus**

## BOARD OF DIRECTORS

**Mr. Nirmal Bhogilal**

**Chairman & Managing Director**

**Mr. Vijay R. Kirloskar**

**Director**

**Mr. Subodh Bhargava**

**Director**

**Mr. E. A. Kshirsagar**

**Director**

**Mr. Ameet Hariani**

**Director**

**Mr. Ulrich Duden**

**Director**

**Mr. George Verghese**

**Director**

## CORPORATE MANAGEMENT

**Mr. Nirmal Bhogilal**

**Chairman & Managing Director**

**Mr. Pradeep Pradhan**

**C.E.O. Machine Tool Business, Air Conditioning and Refrigeration Group**

**Mr. Daniel Vaz**

**C.E.O. Textile Air Engineering Group**

**Mr. Edwyn Rodrigues**

**C.E.O. Textile Machinery Group**

**Mr. Sanjiv Joshi**

**C.E.O. Environmental Engineering Group**

**Mrs. Prema Chandrasekhar**

**Chief Financial Officer**

**Mrs. Puneet Kapur**

**Chief Corporate Counsel and Company Secretary**

**Mr. Ashok Joshi**

**Chief Human Resource Officer**

## REGISTERED & CORPORATE OFFICE

**Bharat House, 5th Floor, 104, Bombay Samachar Marg, Fort, Mumbai - 400 001.  
CIN L52320MH1941PLC003494**

## 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  
INDUSIND Bank Ltd.  
State Bank of India  
The Shamrao Vithal Co-op. Bank Ltd.**

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## NOTICE

**NOTICE** is hereby given that the Seventieth Annual General Meeting of **BATLIBOI LIMITED**, will be held on Friday, 1<sup>st</sup> August, 2014 at 2:30 p.m. at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6<sup>th</sup> Floor, 12 K Dubash Marg, Fort, Mumbai - 400 001 to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the financial year ended 31<sup>st</sup> March, 2014, 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. Nirmal Bhogilal, who retires by rotation and being eligible, offers himself for re-appointment.

3. To consider and if thought fit, to pass, with or without any modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made there under and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. V. Sankar Aiyar & Co., Chartered Accountants (Regn. No. 109208W) be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the fourth consecutive Annual General Meeting (subject to ratification of the appointment by the Members at every AGM held after this AGM), 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 hereby authorized to appoint Auditors for Branches and Factories in consultation with the Company's Auditors on such terms and conditions including the remuneration as the Board of Directors may deem fit."

### SPECIAL BUSINESS:

4. To approve the remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2015 be paid the remuneration as set out in the Explanatory Statement annexed to this Notice.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149(10)/(11), 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the said Act and Clause 49 of the Listing Agreement, Mr. Vijay R. Kirloskar (DIN : 00031253), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member, under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 1<sup>st</sup> August, 2014."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149(10)/(11), 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the said Act and Clause 49 of the Listing Agreement, Mr. E. A. Kshirsagar (DIN : 00121824), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member, under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 1<sup>st</sup> August, 2014."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149(10)/(11), 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the said Act and Clause 49 of the Listing Agreement, Mr. Subodh Bhargava (DIN: 00035672), who was appointed as a Director liable to retire by rotation



and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member, under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 1<sup>st</sup> August, 2014.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149(10)/(11), 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the said Act and Clause 49 of the Listing Agreement, Mr. Ameet Hariani (DIN: 00087866), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member, under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 1<sup>st</sup> August, 2014.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149(10)/(11), 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, read with Schedule IV to the said Act and Clause 49 of the Listing Agreement, Mr. Ulrich H Duden (DIN: 01646163), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member, under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 1<sup>st</sup> August, 2014.”

**NOTES:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. 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.** Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc. must be supported by an appropriate resolution/ authority as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 21<sup>st</sup> July, 2014 to Friday, 1<sup>st</sup> August, 2014 (both days inclusive).
4. 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.
5. Additional information pursuant to Clause 49 of the Listing Agreement with the stock exchange in respect of the Directors seeking appointment/re-appointment at the AGM are furnished and forms part of the Corporate Governance Report. The Directors have furnished the requisite consents/declarations for their appointment/re-appointment.
6. Members are hereby informed that as per the provisions of the Companies Act, 1956, Dividend which remains unclaimed/ un-encashed over a period of 7 years has to be transferred by the Company to “The Investor Education & Protection Fund” constituted by the Central Government under Section 205C 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
28 <sup>th</sup> July, 2007	2006-2007	August, 2014
30 <sup>th</sup> 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](http://www.batliboi.com)”. The unclaimed dividend for the financial year 2006-07 declared on 28<sup>th</sup> July, 2007 can be claimed by the concerned shareholders by 31<sup>st</sup> July, 2014.

7. 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.
8. 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.
9. 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 authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
10. Voting through electronic means:

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act and Clause 35B of Listing Agreement, the Company is pleased to provide the facility to members to exercise their right to vote by electronic means through e-voting services provided by Central Depository Services (India) Limited (CDSL). The members, whose names appear in the Register of Members/List of Beneficial Owners as on 20<sup>th</sup> June, 2014 i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The e-voting period will commence at 9.00 A. M. on Sunday, 26<sup>th</sup> July, 2014 and will end at 5.00 P. M. on Tuesday, 28<sup>th</sup> July, 2014. The Company has appointed Mr. Ashish Bhatt, Practicing Company Secretary to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter:

## **EVSN for Batliboi Limited – 140624014**

The instructions for members for voting electronically are as under:-

### **In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”.
- (iv) Now Enter your User ID  
For CDSL: 16 digits beneficiary ID,  
For NSDL: 8 Character DP ID followed by 8 Digits Client ID,  
Members holding shares in Physical Form should enter Folio Number registered with the Company
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below.

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN*</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p> <p>(Company / RTA: Please note the above same should be uploaded in the ROM and should be informed to the shareholders accordingly.</p>
<b>DOB#</b>	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
<b>Dividend Bank Details#</b>	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field.</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN - 140624014 for Batliboi Limited for which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- (xviii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk. [evoting@cdslindia.com](mailto:evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney.
  - (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same

**In case of members receiving the physical copy:**

Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

11. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 a.m. to 5.00 p.m.) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board of Directors,

**Sd/-**  
**Puneet Kapur**  
*Company Secretary*

Mumbai,  
23<sup>rd</sup> May, 2014

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



## EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 4

The Board on the recommendation of the Audit Committee has appointed M/s. V. J. Talati & Co., Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2015 and also approved remuneration of ₹ 50,000/- p.a. plus out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2015.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in any way concerned or interested financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

### Item No. 5 to 9

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. In the transition to the Companies Act, 2013 which is effective 1<sup>st</sup> April, 2014, those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. In effect, the transition will be managed by re-appointing such Independent Directors for a period of one more term that does not exceed five years. With the above changes, the Company would not have any upper age limit of retirement of Independent Director from the Board and their appointment and tenure will be governed by the provisions of Companies Act, 2013.

Mr. Vijay R. Kirloskar, Mr. E. A. Kshirsagar, Mr. Subodh Bhargava, Mr. Ameet Hariani and Mr. Ulrich Duden, were appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Vijay R. Kirloskar, Mr. E. A. Kshirsagar, Mr. Subodh Bhargava, Mr. Ameet Hariani and Mr. Ulrich Duden, has submitted a declaration that they meets the criteria for independence as provided in section 149(6) of the Act and being eligible, offer themselves for appointment as Independent Directors on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint Mr. Vijay R. Kirloskar, Mr. E. A. Kshirsagar, Mr. Subodh Bhargava, Mr. Ameet Hariani and Mr. Ulrich Duden, as Independent Director on the Board of the Company for a term upto five consecutive years, commencing from 1<sup>st</sup> August, 2014. A brief profile of proposed Independent Directors, including nature of their expertise, is provided in the Corporate Governance Report forming part of this Annual Report.

Notice(s) have been received from Members proposing candidature of the above Directors for the office of Independent Director of the Company. In the opinion of the Board, Mr. Vijay R. Kirloskar, Mr. E. A. Kshirsagar, Mr. Subodh Bhargava, Mr. Ameet Hariani and Mr. Ulrich Duden fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Directors of the Company. A copy of the draft letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointments are concerned or interested financially or otherwise in these Resolutions. The Board commends the Ordinary Resolutions as set out at Item No. 5 to 9 for approval of the Members.

By Order of the Board of Directors,

Sd/-

**Puneet Kapur**

*Company Secretary*

Mumbai,  
23<sup>rd</sup> May, 2014

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

**DIRECTORS' REPORT**

Dear Members,

Your Directors submit 70<sup>th</sup> Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March, 2014.

**1. FINANCIAL RESULTS**

(₹ in lakhs)

Particulars	For the Year ended			
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Standalone	Standalone	Consolidated	Consolidated
<b>Gross Turnover (Including Indirect Sales)</b>	<b>37,165.59</b>	28,540.89	<b>52,292.13</b>	43,224.40
<b>Total Income</b>	<b>12,207.72</b>	12,360.68	<b>27,257.87</b>	27,099.21
<b>PBDIT</b>	<b>195.37</b>	(143.13)	<b>1253.68</b>	880.63
Less: Finance Cost	<b>522.57</b>	624.59	<b>735.73</b>	893.36
Less: Depreciation	<b>177.19</b>	182.74	<b>715.45</b>	660.42
<b>Profit Before Tax &amp; Exceptional Items</b>	<b>(504.39)</b>	(950.46)	<b>(197.49)</b>	(673.15)
Exceptional items: (Income)/expenses	—	1,011.61	—	1,011.61
<b>PBT</b>	<b>(504.39)</b>	61.16	<b>(197.49)</b>	338.47
Less: Provision for Taxation	<b>(84.80)</b>	13.07	<b>89.80</b>	94.46
<b>PAT</b>	<b>(419.59)</b>	48.09	<b>(287.29)</b>	244.01

**2. DIVIDEND**

In view of losses, Directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2014.

**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 increased by 30% over the previous year. Operations resulted in losses due to increased overheads and other costs. As a result the Company posted a loss of ₹ 419.59 Lacs as against profit of ₹ 48.09 Lacs for the previous year, on account of exceptional items.

Quickmill Inc., our Foreign Subsidiary manufacturing Machine Tools, registered improved performance. North America continues to show steady growth as well as the Middle East that now shows signs of recovery in the power and oil sectors with good solid projects. AESA SA our Foreign Subsidiary in Air Engineering posted a loss during the year under review.

The consolidated turnover has increased by 20% over the previous year. Operations resulted in loss of ₹ 287.29 Lacs as against profit of ₹ 244.01 Lacs for the previous year, on account of exceptional items.

Improvement in industrial production is not immediate. 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 manufacturing of large gantry drilling and milling machines and caters mainly to the energy and heavy equipments manufacturing sectors.

The Company had an excellent year under review with an improvement in the profit compared to the previous year. The improvement was on account of machine sales, retrofit sales and service income.

With the improvement in the North American economy and with signs of revival in the Middle East, the Company expects further improvement in the performance during the New Year.

(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.

The performance was affected by pressure on margins due to very severe competition in some markets and also as the Company could not execute some orders due to the uncertain political conditions in Bangladesh and Thailand. However, with a healthy order backlog and strong enquiry levels in all markets including USA, the Company expects to improve its performance in 2014-15.

**5. EMPLOYEE STOCK OPTION SCHEME**

Pursuant to the resolutions passed by the members at the Extra Ordinary General Meeting held on 13<sup>th</sup> 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 year 2011-12 and 1,00,000 Options during the previous year. Each option would entitle the Option holder to acquire one equity share of the Company upon vesting.

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 Standards- 21" prescribed by The Institute of Chartered Accountants of India, form part of Annual Report and the Accounts.

In terms of Circular No. 51/12/2007-CL-III dated 8<sup>th</sup> 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. Nirmal Bhogilal retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. Accordingly, resolutions proposing appointment of Mr. Vijay R. Kirloskar, Mr. E. A. Kshirsagar, Mr. Subodh Bhargava, Mr. Ameet Hariyani and Mr. Ulrich H Duden as Independent Directors form part of the Notice of the Annual General Meeting.

Brief resume of all these Directors are provided in the Corporate Governance Report forming part of this Annual Report.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence and also none of the Directors of the Company are disqualified under Section 164(2) of the Companies Act, 2013.

**9. MANAGEMENT DISCUSSION & ANALYSIS REPORT**

The Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement is given elsewhere in this 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 in accordance with Section 139 of the Companies Act, 2013.

## 12. AUDITORS REPORT

The Statutory Auditors M/s. V. Sankar Aiyar & Co., Chartered Accountants have issued their reports on Standalone & Consolidated Financial Statements for the financial year 2013-14. There are no adverse remarks or qualifications in the said report and it is a clean report. However Statutory Auditors have put a comment limiting to delays in depositing undisputed statutory dues such as Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, and Excise Duty with the appropriate authorities.

The delays in statutory payments have been particularly from the Machine Tool Manufacturing unit at Udhna and Bangalore, as their operations have been adversely affected due to downturn in the business as reported earlier in the Directors Report as well as in Management Discussion & Analysis Report.

Steps have been taken not only to improve the operations but also to ensure that statutory payments are made in time.

## 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 2013-14.

## 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 loss 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. TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

The Company has, during the year under review transferred a sum of ₹ 2,77,544 to Investor Education and Protection Fund, in compliance with the provisions of erstwhile Section 205C of the Companies Act, 1956. The said amount represents dividend for the financial year 2005-06 which remained unclaimed by the members of the Company for a period exceeding 7 years from its due date of payment.

## 16. 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" forming part of this Report

## 17. 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.

## 18. 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,  
23<sup>rd</sup> May, 2014

## 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	NIL
(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 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:	None
(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**

SPM unit at Bangalore has initiated installation of a 10 KW Solar Energy Plant to save energy. AESA SA has taken various steps for conservation of energy viz. implementation of high pressure washer system in Asia, promotion and optional use of higher efficiency motors IE3 in Asia, promotion and successful implementation of weave-direct system in Pakistan and implementation of use of lower pressure filters media while keeping same high standards of room cleanliness.

### **B. RESEARCH & DEVELOPMENT (R&D)**

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

##### **Machine Tools**

- Vertical Machining Center – Chetak 125 MC
- CNC Turning Center – Sprint 40 TC 1 mtr and 1.5 mtr
- CNC Traveling Column Radial Drill Machine – 100 mm Drilling Capacity
- 25 Turnmill Center – 2 mtr Traverse
- New Design of 16TC with added features
- Twin Spindle Turning Center

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

New products designed and developed

- Re-engineering mid and large size Prefab Air Washer
- Re-engineering of Axial flow fans
- Development of air cooling units

##### **SPM**

Development of Vertical Broaching machine for Auto Industry completed

##### **Quickmill Inc.**

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

- Articulating Head System – current machine structure is not well suited to head capable of automatically machining so a general machine redesign is underway
- Remote Diagnostics/Multi Machine Monitoring System – developing software that can be used to remotely monitor and service machines in the field. An additional module could be sold to customers allowing them to monitor all their machining centers for efficiency, utilization, and other
- Boiler Tube Processing System – continuation to the previous year's project to continue development on a rail machine with boiler tube processing abilities

##### **AESA SA**

- Washer – use plastic pipe with lower cost and no corrosion for washer piping
- TFB cloth – use nylon mesh filter cloth to reduce pressure drop and energy consumption
- High pressure washer – Review specs and price of high pressure washer; prepare technical document for project engineers for market requirement

#### **II. Benefits Derived**

- Increased sales due to new product introduction and providing superior performance at competitive price
- Improved visibility in the market
- Optimum cost of Prefab Air Washers
- Optimum cost of Axial fans
- Expansion of product range for Indian and export market
- Lower energy consumption
- Performance improvement



- Cost savings
- Sales arguments
- Increased Sales and Product range enlargement

### III. Expenditure on R&D

Total capital expenditure incurred: ₹ 414.40 lacs

### IV. Development Plans

#### Machine Tools

- Horizontal Machining Center
- Addition of features in 45 MC
- Pallet changer for VMC

#### Textile Air Engineering

- Re-engineering of air washer components
- Development of bag dust collection systems
- Development of big capacity compactor
- Direct grouting of Axial flow fans

#### SPM

- VTL 1500 to 2000 mm Dia for Valve industry

#### Quickmill Inc

Plans to focus on the following R&D projects

- Quickdrill III: The completed head will be mounted on an Annihilator frame and tested during this fiscal year
- Right Angle/Articulating Head: Quickmill Inc. pursuing a new design for a head attachment for their Eliminator machines
- Customer driven R&D: Working on a custom fixture design for Caterpillar and a custom two-spindle Annihilator
- Multi Machine Monitor: a full review will be undertaken to determine whether it is a viable project or not

#### AESA SA

- FKC: Revise and check installation of new gear motor from NORD for easier logistic with a good quality and price gear motor
- High pressure washer: Design washer with combination of high pressure system and conventional system for market requirement
- TFB: Review of overall TFB design for easier maintenance and reduced cost for market requirement
- CRK: Use of solar panels for hot water production for heating coils for energy saving

### V. Technology Absorption, Adaption and Innovation

#### Machine Tools

- Absorption of Special Controller for Die and Mould Industry
- Adaption of Turn Mill technology for CNC Lathe

#### AESA SA

- Studies to use solar panels for heating purpose where applicable in a/c-systems

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year ended 31<sup>st</sup> March, 2014, Foreign Exchange earnings were ₹ 990.45 Lacs (Previous Year ₹ 797.87 Lacs) and the Foreign exchange outgo was ₹ 32.69 Lacs (Previous Year ₹ 96.29 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 interaction 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 Chair-person
Mr. Nirmal Bhogilal	Promoter, Executive	1	1	—
Mr. Vijay R. Kirloskar	Independent, Non-Executive	4	1	—
Mr. E. A. Kshirsagar	Independent, Non-Executive	6	6	3
Mr. Subodh Bhargava	Independent, Non-Executive	6	2	1
Mr. Ameet Hariani	Independent, Non-Executive	3	2	—
Mr. Ulrich H. Duden	Independent, Non-Executive	—	—	—
Mr. George Verghese	Non Promoter, Non-Executive	1	—	—

**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 31<sup>st</sup> March, 2014, four Board Meetings were held on 11<sup>th</sup> May, 2013, 6<sup>th</sup> August, 2013, 9<sup>th</sup> November, 2013 and 31<sup>st</sup> January, 2014 respectively. 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 6 <sup>th</sup> August, 2013
Mr. Nirmal Bhogilal	4	Present
Mr. Vijay R. Kirloskar	1	Absent
Mr. E. A. Kshirsagar	4	Present
Mr. Subodh Bhargava	3	Present
Mr. Ameet Hariani	4	Present
Mr. Ulrich H. Duden	4	Present
Mr. George Verghese	4	Present

**Board procedures**

Before each meeting, the Company sends to the Board of Directors, Agenda for the meeting, along with Minutes of Board/Committee meetings, 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**

**Mr. Nirmal Bhogilal**, aged 64, is B.Sc. (Engg), Chemical Engg (London University), A.C.G.I. He is overall in charge of day to day Management of the Company. Mr. Bhogilal is an eminent industrialist and has over 37 years of business experience in the Engineering Industries. He is also member of several non-listed Companies. He was the Chairman of (W.R) of CII. He was also Past President of Indian Machine Tool Manufacturer's Association.

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

Sr. No.	Name of the Company	Chairman/ Director	Committees of the Board	Chairman/ Member
1.	Eimco Elecon (India) Limited	Director	Audit	Member
2.	Batliboi enXco Private Limited	Director	—	—
3.	Bhagmal Investments Private Limited	Director	—	—
4.	Chowgule Industries Private Limited	Director	—	—
5.	Delish Gourmet Private Limited	Director	—	—
6.	Hitco Investments Private Limited	Director	—	—
7.	Nirbhag Investments Private Limited	Director	—	—
8.	Pramaya Shares and Securities Private Limited	Director	—	—
9.	Indian Wine & Food Society	Director	—	—
10.	Imperial College India Foundation	Director	—	—

**Detailed Profile of the Directors who are seeking appointments as Independent Directors under the Companies Act, 2013**

**Mr. Vijay R. Kirloskar**, aged 63, is a graduate in Management Engineering from Worcester Polytechnic Institute, USA. He possesses wide and distinct experience in the field of Engineering and General Management.

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

Sr. No.	Name of the Company	Chairman/ Director	Committees of the Board	Chairman/ Member
1.	Kirloskar Electric Company Limited	Managing Director	Shareholder' / Investor' Grievance Committee formed to consider and approve Financial Result	Member  Member
2.	Kirloskar Power Equipment Limited	Chairman	—	—
3.	Kirloskar Power Build Gears Limited	Director	—	—
4.	MRF Limited	Director	—	—

**Mr. E. A. Kshirsagar**, aged 72, is FCA (England & Wales), FCA (India) and B.Sc (Bombay). He was in Management Consultancy Division of A.F. Ferguson from 1973 and Director-in-charge from 1988 to 2004. He specializes in Corporate Strategy and Structure, Valuation, Feasibility Studies and Disinvestment and Government/Legislation impact on Businesses.

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

Sr. No.	Name of the Company	Chairman/ Director	Committees of the Board	Chairman/ Member
1.	JM Financial Limited	Director	Audit Remuneration	Chairman Member
2.	Manappuram Finance Limited	Director	Audit	Member
3.	Merck Limited	Director	Audit	Member
4.	Rallis India Limited	Director	Audit Shareholders'/Investors Grievance Committee of Directors Remuneration Property Committee	Chairman Member Member Member Member
5.	Tata Chemicals Limited	Director	Audit	Member

Sr. No.	Name of the Company	Chairman/ Director	Committees of the Board	Chairman/ Member
6.	JM Financial Products Limited	Director	Audit	Chairman
7.	Manipal Global Education Services Private Limited	Director	—	—
8.	Tata Chemicals Europe Holdings Limited, U.K.	Director	—	—
9.	Tata Chemicals Magadi Limited, U.K.	Director	—	—
10.	Vama Sundari Investment Private Limited, Mauritius	Director	—	—

**Mr. Subodh Bhargava**, aged 72, is a graduate from IIT, Roorkee. He started his career in Balmer Lawrie & Co., Calcutta, India in 1962 as a Production Engineer. In 1975, he joined the Eicher Group of Companies in Delhi as General Manager and retired on 31<sup>st</sup> March, 2000 as the Group Chairman and Chief Executive. He was the Past President of CII.

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

Sr. No.	Name of the Company	Chairman/ Director	Committees of the Board	Chairman/ Member
1.	Tata Communications Limited	Chairman	Audit Nomination & Remuneration	Member Member
2.	Tata Steel Limited	Director	Audit	Chairman
3.	TRF Limited	Chairman	Nomination & Remuneration	Member
4.	Glaxo SmithKline Consumer Healthcare Limited	Chairman	—	—
5.	Larsen & Turbo Limited	Director	Nomination & Remuneration	Member
6.	Tata Motors Limited	Director	ECOB Nomination & Remuneration	Member Member
7.	Tata Communications International Pte. Limited	Chairman	—	—
8.	Tata Communications Services (International) Pte. Ltd.	Director	—	—
9.	SunBorne Energy Holdings LLC	Director	Audit	Member

**Mr. Ameet Hariani**, aged 53, holds a degree in law and also a LLM 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 27 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.	Ras Resorts & Apart Hotels Limited	Director	Audit	Member
2.	Capricon Realty Limited	Director	Remuneration	Chairman
3.	Vascon Engineers Limited	Director	Audit	Member
4.	Hariani Advisory Services Private Limited	Director	—	—
5.	Radicle Informatics Private Limited	Director	—	—
6.	Envision Computer Consultancy Private Limited	Director	—	—

He is holding 6080 Equity shares in the Company.

**Mr. Ulrich Duden**, aged 76, a German national, has studied Economics and Financial Management at the Goethe University, Frankfurt, North Western University, Chicago and Stanford University California. He has over 49 years of experience, working in different capacities with Hoechst AG, Montedison 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.

In accordance with Section 177(1) of the Companies Act, 2013 and as per the requirement of SEBI circular dated 17<sup>th</sup> April, 2014 for amendment to Equity Listing Agreement (which is effective from 1<sup>st</sup> October, 2014), the Board of Directors of the Company at their meeting held on 23<sup>rd</sup> May, 2014, have approved new terms of reference for the Audit Committee.

The revised terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 of the revised Listing Agreement and Section 177 of the Companies Act, 2013.

#### Terms of Reference

The Audit Committee has following powers:

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

The role of the Audit Committee includes the following:

- i. 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;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing with the Management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by Management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the 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 utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the Company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the Company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk Management systems;

- xii. Reviewing with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. 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;
- xiv. Discussion with internal auditors of any significant findings and follow up there on;
- xv. 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;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. 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;
- xviii. To review the functioning of the Vigil/Whistle Blower Mechanism;
- xix. 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 and background, etc. of the candidate;
- xx. Carrying out any other functions as specified in the terms of reference, as amended from time to time.

**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 31<sup>st</sup> March, 2014 four Audit Committee Meetings were held on 11<sup>th</sup> May, 2013, 6<sup>th</sup> August, 2013, 9<sup>th</sup> November, 2013 and 31<sup>st</sup> January, 2014 respectively.

Present composition of the Committee and details of meetings attended by the Committee members during the year ended 31<sup>st</sup> March, 2014 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. NOMINATION AND REMUNERATION COMMITTEE (FORMERLY TERMED AS REMUNERATION COMMITTEE):**

In accordance with Section 178 of the Companies Act, 2013 and as per the requirement of SEBI circular dated 17<sup>th</sup> April, 2014 for amendment to Equity Listing Agreement (which is effective from 1<sup>st</sup> October, 2014), the Board of Directors of the Company at their meeting held on 23<sup>rd</sup> May, 2014, have approved the change in nomenclature of the Remuneration Committee to "Nomination and Remuneration Committee" and have revised their role as under:

The role of the committee shall, inter-alia, include the following:

- 1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
- 2. Formulation of criteria for evaluation of Independent Directors and the Board;
- 3. Devising a policy on Board diversity;
- 4. Identifying persons who are qualified to become Directors and who may be appointed in senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

**Composition and meetings attended**

This Committee comprises of three Independent and Non-Executive Directors.

During the year ended 31<sup>st</sup> March, 2014, one Remuneration Committee meeting was held on 12<sup>th</sup> February, 2014.



The present composition of the Committee and details of meetings attended by the Committee members during the year ended 31<sup>st</sup> March, 2014 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. Vijay R. Kirloskar	Member	1

## 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 2011-12 and 1,00,000 stock options to the eligible employees during the previous year.

The options granted would vests 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 and Selection Committee.
- The Company also reimburses the out of pocket expenses incurred by the Directors for attending 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 31<sup>st</sup> March, 2014.

(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	—	—	1,07,17,602*	Five years contract and Notice Period Six months.
Mr. Vijay R. Kirloskar	—	—	—	25,000	25,000	For a term of upto five consecutive years.
Mr. E. A. Kshirsagar	—	—	—	1,10,000	1,10,000	For a term of upto five consecutive years.
Mr. Subodh Bhargava	—	—	—	85,000	85,000	For a term of upto five consecutive years.
Mr. Ameet Hariani	—	—	—	1,75,000	1,75,000	For a term of upto five consecutive years.
Mr. Ulrich H. Duden	—	—	—	60,000	60,000	For a term of upto five consecutive years.
Mr. George Verghese	—	—	—	60,000	60,000	Liable to retire by rotation.

\* Excluding retrial benefits.

\* The Salary of Mr. Nirmal Bhogilal includes ₹ 7,80,000/- as arrears for the financial year 2012-13.

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE (FORMERLY TERMED AS INVESTORS'/SHAREHOLDERS' GRIEVANCE & SHARE TRANSFER COMMITTEE):**

This committee consists of two members, chaired by a Non-Executive Director.

In accordance with Section 178 of the Companies Act, 2013 and as per the requirement of SEBI circular dated 17<sup>th</sup> April, 2014 for amendment to Equity Listing Agreement (which is effective from 1<sup>st</sup> October, 2014), the Board of Directors of the Company at their meeting held on 23<sup>rd</sup> May, 2014, have approved the change in nomenclature of the Investors'/Shareholders' Grievance & Share Transfer Committee to "Stakeholders Relationship Committee" and enhanced their role.

**Composition and meetings attended**

During the year ended 31<sup>st</sup> March, 2014 four Investors' / Shareholders' Grievance and Share Transfer Committee meetings were held on 16<sup>th</sup> April, 2013, 31<sup>st</sup> July, 2013, 24<sup>th</sup> October, 2013, and 6<sup>th</sup> January, 2014 respectively.

The present composition of the Committee and the number of meetings attended by the Committee members during the year ended 31<sup>st</sup> March, 2014 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.

The said committee shall in addition to the above function, also consider and resolve the grievance of debenture holders, deposit holders and other security holders of the Company.

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 Mrs. Puneet Kapur, Chief Corporate Counsel and 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 16 complaints during the year and resolved all of them during the year under review. There are no outstanding complaints as on 31<sup>st</sup> March, 2014.

**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
2010-2011*	29 <sup>th</sup> July 2011	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Orion House, 6 <sup>th</sup> Floor, 12 K Dubash Marg, Fort, Mumbai - 400 001.	2.30 p.m.
2011-2012**	30 <sup>th</sup> July, 2012	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Orion House, 6 <sup>th</sup> Floor, 12 K Dubash Marg, Fort, Mumbai - 400 001.	2.30 p.m.
2012-2013	6 <sup>th</sup> August, 2013	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Orion House, 6 <sup>th</sup> 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 :**

- 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.
- None of the transactions with any of the Management personnel of the Company were in potential conflict with the interest of the Company at large.

- (c) The Company has complied with all the mandatory requirements. The Company has also complied with non-mandatory requirement relating to setting up Remuneration Committee of the Board to determine inter alia the Company's policy on remuneration package for Executive Directors and other Directors/Senior Management Personnel.
- (d) The Company has also complied with the mandatory requirement of adoption of Vigil Mechanism/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 <sup>st</sup> March, 2013	: Free Press Journal, Nav Shakti
Quarter Ended 30 <sup>th</sup> June, 2013	: Free Press Journal, Nav Shakti
Quarter/Half year ended 30 <sup>th</sup> September, 2013	: Free Press Journal, Nav Shakti
Quarter/Nine Months ended 31 <sup>st</sup> December, 2013	: 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 and Analysis Report forms part of Annual Report.

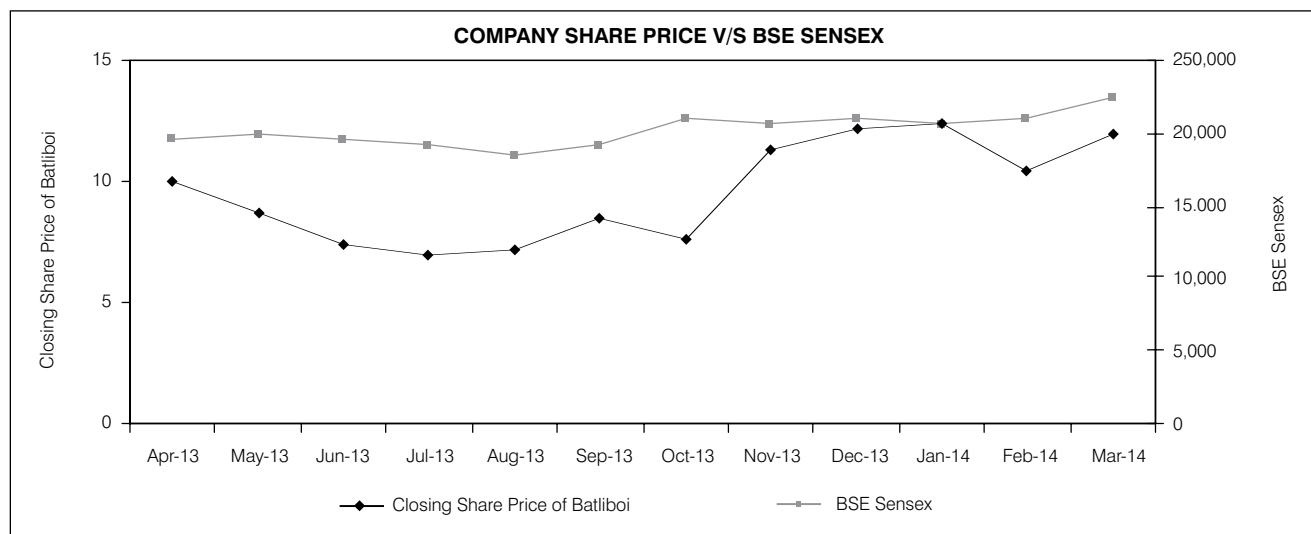
## 9. GENERAL SHAREHOLDER INFORMATION :

- (i) Registered Office : Bharat House, 5<sup>th</sup> Floor, 104, Bombay Samachar Marg, Fort, Mumbai-400 001.
- (ii) Annual General Meeting : Day, Date and Time: Friday, 1<sup>st</sup> August, 2014 at 2:30 p.m.  
Venue : Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6<sup>th</sup> Floor, 12 K Dubash Marg, Fort, Mumbai - 400 001.
- (iii) Financial Year : 12 months ended 31<sup>st</sup> March, 2014.
- (iv) Date of Book Closure : Monday, 21<sup>st</sup> July, 2014 to Friday, 1<sup>st</sup> August, 2014 (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 31<sup>st</sup> March, 2014, 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, 2013	13.38	9.28
May, 2013	11.80	8.65
June, 2013	9.25	7.45
July, 2013	8.47	6.87
August, 2013	7.95	6.61
September, 2013	8.42	7.05
October, 2013	8.38	6.76
November, 2013	11.95	7.07
December, 2013	12.49	10.62
January, 2014	13.49	11.25
February, 2014	12.99	9.53
March, 2014	12.32	9.53



(xi) **Distribution of Shareholding as on 31<sup>st</sup> March, 2014**

Range (No. of Shares)		Total Holders	% to No. of Holders	Total Holdings	% of Total Capital
From	To				
1	1,000	10,714	95.87	19,60,482	6.84
1,001	2,000	209	1.87	3,31,921	1.16
2,001	4,000	128	1.15	3,73,025	1.30
4,001	6,000	49	0.44	2,46,755	0.86
6,001	8,000	12	0.11	86,241	0.30
8,001	10,000	12	0.11	1,11,159	0.39
10,001	20,000	27	0.24	3,90,126	1.36
20,001	& Above	24	0.21	2,51,82,841	87.79
<b>TOTAL</b>		<b>11,175</b>	<b>100.00</b>	<b>2,86,82,550</b>	<b>100.00</b>

(xii) **Shareholding Pattern as on 31<sup>st</sup> March, 2014 (Face Value ₹ 5/-)**

Category	No. of Shares	(%)
Promoter and Promoters Group	2,34,42,567	81.73
Directors, their Relatives	6080	0.03
Bodies Corporate	7,34,343	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)	9,12,573	3.18
Individual	35,85,137	12.50
<b>Total</b>	<b>2,86,82,550</b>	<b>100</b>

- (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 31<sup>st</sup> March 2014, about 94.90% of the total equity shares issued by the Company have been dematerialized.

(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 - 560100.
(xviii) Address for Correspondence	:	Bharat House, 5th Floor, 104, Mumbai Samachar Marg, Fort, Mumbai - 400001.
Email id	:	<a href="mailto:legal@batliboi.com">legal@batliboi.com</a>
Telephone	:	+91-022 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 & Managing Director*

Mumbai,  
23<sup>rd</sup> May, 2014

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by **Batliboi Limited** (the Company) for the year ended 31<sup>st</sup> March, 2014 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 Regn. No. 109208W**

Sd/-  
**G. Sankar**  
**Partner**  
**Membership No.: 46050**

Place : Mumbai,  
Dated : 23<sup>rd</sup> May, 2014

## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

The Management of Batliboi Limited presents the analysis of segment-wise performance of your Company for the year 2013-14 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 in 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 and Taiwan and for metal cutting and metal forming machine tools in India.

##### **Developments and 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 10% and for CNCs by 6%. This adversely impacted the output and revenues of the manufacturing units.

Performance of the Trading Division was also adversely affected due to demand for heavy machine tools being low during the year. As a result booking of new orders as well as billing declined during the year.

##### **Opportunities, Threats and Outlook**

###### **Machine Tools Udhna (MTU)**

It seems that sluggishness in the Capital Goods industry and trend of lower industrial production may continue during some time in the current year too; however, with the healthy order backlog and market potential for the new products, the division is expected to grow. The cost cutting and production improvement efforts will be the driving factors for the current year.

Cost reduction measures have been put in force across all manufacturing overheads.

Also the expected growth in automobile, infrastructure and defense in the year to come is likely to be the key drivers and as such special high end tooling machines are being developed for defense.

###### **Special Purpose Machines, Bangalore**

The new financial year has begun with a healthy Order Book position. Division is therefore expected to improve its performance in 2014-15.

Delays due to design re-engineering and development are being tackled effectively, to ensure improvements in results.

It is expected that the Power industry which was dormant in last 2 years would revive this year providing higher opportunities for the sales of CNC drilling machines.

###### **Machine Tool Trading**

In the New Year depending on the Government policy, there is a possibility of investment shaping up by end of the year. We have taken steps to strengthen the sales network with an optimistic viewpoint of the market.

#### **(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 positive environment at present, despite the issues of increase in power tariff and shortage of power (especially in South India). The overall business environment is becoming extremely competitive. Despite slow implementation of projects and sluggish demand in South Indian textile industry, the division has improved its performance by lowering material costs and operating expenses. The performance for 2014-15 is expected to be better, considering the increase in enquiry level for proposed green field projects, expansion in spinning and weaving sector and incentives announced for the textile industry in Gujarat.

Textile Machinery Division (TMD)

Due to substantial increase in domestic demand for yarn in mid of the year for spinning industry, the investment climate improved. During the first half of Financial Year 2013-14, Chinese import policy of charging an artificial premium on import of Indian yarn led to a cut back in imports, production of yarn in India and postponement of investment.

A strong order book in garment industry and robust growth of the domestic demand in the eastern region for spinning industry, investment in the knitting industry kick started. In other regions gaining of market share primarily among spinners assisted in growth of our machine sales. This was also reflected in increased sales in knitting machine lubricants in the last month.

Processing Machinery sector which so far is yet to realize its full potential primarily due to finance not being as freely available as compared to Spinning and Knitting investments. Here focus was more on technical textiles and more focus will be given to the sector in the new Financial Year.

With the above, the division posted improved results.

**Opportunities, Threats and Outlook**TAE

The continuation of TUF (Technology up gradation fund), favorable State Government policies for investment in textile sector (state textile policies of Gujarat, Maharashtra, MP) and increasing demand of yarn will lead to further investments in spinning sector during 2014-15.

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

TAE division is expected to improve its performance looking at the pending order situation and overall positive market scenario.

TMD

Based on the revival of previously finalized projects, a strong first half of fiscal year 2014-15 is foreseen. It is therefore expected to improve its performance in the year 2014-15. The downside could be the exports of the textile industry being affected by the strengthening of the Rupee.

**(III) Air-conditioning and Refrigeration Group (ACR)****Business Structure, Developments and Performance**

The group provides turnkey solutions to large industries in the field of humidification, ventilation and air conditioning. In the year under review division has successfully completed all projects on hand.

**Opportunities, Threats and Outlook**

The division has restricted its operations in the area of service and maintenance of packages air-conditioning.

**(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 performance of Quickmill in the year was well above the predicted budget for the year. North America had steady recovery which accounts for the majority of the Company's business. Business from the power sector, oil & gas and general fabrication industry was the majority of focus for the continued success.

North America will continue to show steady growth as well as the Middle East that now shows signs of recovery in the power and oil sectors with good solid projects.

Successful launch of new machining center two years ago is now showing good sales and growth for this machinery in the future. The Company also launch a new line of bridge type machining centers branded in the Quickmill name that will be sold globally and help Quickmill's future growth.

## **Opportunities, Threats & Outlook**

The Company will continue its focus to explore key resource markets like Russia and will also make some marketing efforts in Thailand, Vietnam, Turkey and Indonesia with a strategic focus on the new branded bridge machine line of machines.

Competition will continue from the Taiwanese Machine Tool manufacturers but the continued focus on cost reduction and offer of full turn- key solutions will help Quickmill to get edge over the competitors.

## **(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 positive result in previous year, financial year 2013-14 resulted in a loss. The reason was mainly due to delay in execution of a few bigger contracts and lower margins especially in India on account of severe competition.

### **Opportunities, Threats & Outlook**

Global Markets are active and the Company has re-entered the markets in Pakistan, Uzbekistan, Middle East and USA.

However margins in the business will continue to remain under strong pressure.

The year ahead looks promising with a good order back-log and the Company's adjustment to the market requirements.

## **B. HUMAN RESOURCES/INDUSTRIAL RELATIONS :**

The total number of employees in the Company were 468 as on 31<sup>st</sup> March, 2014.

Technical training programmes for manufacturing personnel were conducted at the Company's manufacturing unit at Udhna. Topics covered during the training sessions were Broaching, Boring, Milling, Gear Cutting, Welding Technology, FMEA, Product Quality, CNC Milling, ISO Awareness, CNC Programming, Operations & Maintenance, Continual Improvement in Productivity, Safety Awareness and Fire Prevention and Protection Team Work and Communication Skills. Productivity & Process Improvement initiatives continued at the manufacturing units.

During the year under review industrial relations in the factory 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 of 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,  
23<sup>rd</sup> May, 2014

## 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, 2014, 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014
- b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 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.
  - bb) The report on the accounts of the Company's Udhna plant audited under Section 228 by the branch auditors has been forwarded to us as required by clause (c) of sub-section (3) of the section 228 and have been dealt with in preparing our report in the manner considered necessary by us.
  - c) The Balance Sheet, the 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, the 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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  
sd/-  
[G. Sankar]  
Partner  
Membership No.46050

Place: Mumbai  
Dated: 23<sup>rd</sup> May, 2014

**ANNEXURE REFERRED TO IN OUR REPORT TO THE MEMBERS OF BATLIBOI LTD.  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

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 two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 618.78 Lacs and the year end balance aggregates ₹ 618.78 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 such as Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, and Excise-duty with the appropriate authorities. However, there has not been any instance of non-payment of the aforesaid statutory dues to the appropriate authorities. In case of Investor Education Protection Fund, Wealth Tax, Custom Duty and other material statutory dues applicable to it, the Company has been regular in depositing the dues with 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 31<sup>st</sup> March, 2014 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 (₹ in 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 31<sup>st</sup> March, 2014. The Company has incurred cash loss during the current financial year. However it has not incurred cash loss 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 cash flow statement, short term funds to the extent of ₹ 580.94 lacs have been used for meeting the losses incurred during the year. Further the Company has explained that the steps are being taken to augment long term funds.
- (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 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: 23<sup>rd</sup> May, 2014

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014**

			₹ in Lacs
	Note No.	As at 31-Mar-14	As at 31-Mar-13
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	2,126.61	2,126.61
Reserves and Surplus	2	3,321.78	3,743.23
		<u>5,448.39</u>	<u>5,869.84</u>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	3	738.65	689.47
Deferred Tax Liabilities		5.00	59.00
Other Long Term Liabilities		767.66	704.01
Long Term Provisions		550.75	602.54
		<u>2,062.06</u>	<u>2,055.02</u>
<b>Current Liabilities</b>			
Short Term Borrowings	4	2,342.99	2,037.66
Trade Payables		2,739.16	2,413.02
Other Current Liabilities		1,881.72	2,345.00
Short Term Provisions		123.68	94.65
		<u>7,087.55</u>	<u>6,890.33</u>
<b>TOTAL</b>		<u><b>14,598.00</b></u>	<u><b>14,815.19</b></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	5	5,070.24	5,180.27
Capital Work-in-Progress		281.18	281.18
		<u>5,351.42</u>	<u>5,461.45</u>
Non-Current Investments	6	3,669.85	3,303.83
Long Term Loans and Advances	7	215.45	183.83
Other Non-Current Assets	7	327.95	223.35
<b>Current Assets</b>			
Inventories	8	2,077.14	1,984.31
Trade Receivables		2,307.35	2,999.69
Cash and Bank Balances		203.60	153.23
Short Term Loans and Advances		445.24	505.50
		<u>5,033.33</u>	<u>5,642.73</u>
<b>TOTAL</b>		<u><b>14,598.00</b></u>	<u><b>14,815.19</b></u>
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

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

For and on Behalf of the Board of Directors

**NIRMAL BHOGILAL**  
Chairman & Managing Director

**GEORGE VERGHESE**  
Director

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

**PREMA CHANDRASEKHAR**  
Chief Financial Officer

**PUNEET KAPUR**  
Chief Corporate Counsel &  
Company Secretary



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

			₹ in Lacs
	<b>Note No.</b>	<b>2013-14</b>	<b>2012-13</b>
<b>INCOME</b>			
Revenue from Operations	<b>9</b>	<b>11,688.66</b>	12,045.13
Other Income	<b>10</b>	<b>519.06</b>	315.56
<b>TOTAL REVENUE</b>		<b>12,207.72</b>	12,360.69
<b>EXPENDITURE</b>			
Cost of Materials Consumed	<b>11</b>	<b>5,585.11</b>	5,386.71
Purchases of Stock-in-Trade	<b>11</b>	<b>1,357.20</b>	1,576.15
Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade	<b>11</b>	<b>44.34</b>	325.38
Employee Benefit Expenses	<b>12</b>	<b>2,493.05</b>	2,469.45
Financial Cost	<b>13</b>	<b>522.57</b>	624.59
Depreciation		<b>177.19</b>	182.74
Other Expenses	<b>14</b>	<b>2,532.65</b>	2,746.12
<b>TOTAL EXPENSES</b>		<b>12,712.11</b>	13,311.14
<b>Profit/(Loss) Before Exceptional Items &amp; Taxes</b>		<b>(504.39)</b>	(950.45)
<b>Exceptional Items – (Expenses) / Income</b>	<b>15</b>	<b>—</b>	1,011.61
<b>Profit Before Taxes</b>		<b>(504.39)</b>	61.16
<b>Tax Expenses</b>			
Current Tax		<b>—</b>	13.00
Deferred Tax (Net)		<b>(54.00)</b>	21.00
MAT Credit Available for Set off		<b>—</b>	(13.00)
Tax Adjustments in respect of earlier years		<b>(30.80)</b>	(7.93)
<b>Profit/(Loss) for the year</b>		<b>(419.59)</b>	48.09
<b>Earnings per Share (Basic &amp; Diluted)</b>		<b>(1.46)</b>	0.17
(Face Value of ₹ 5/- per Share)			
Significant Accounting Policies			
Notes on Financial Statements			
<b>1 to 16</b>			

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

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

For and on Behalf of the Board of Directors

**NIRMAL BHOGILAL**  
Chairman & Managing Director

**GEORGE VERGHESE**  
Director

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

**PREMA CHANDRASEKHAR**  
Chief Financial Officer

**PUNEET KAPUR**  
Chief Corporate Counsel &  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

₹ in Lacs

	Year Ended 31-Mar-14	Year Ended 31-Mar-13
<b>I. CASH FLOW ARISING FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit Before Tax and Exceptional Items</b>	<b>(504.39)</b>	<b>(950.45)</b>
Add Back:		
(a) Depreciation	177.19	182.74
(b) Interest	457.54	524.49
(c) Loss on Sale/Disposal of Assets	—	11.68
(d) Debit Balances Written off	13.44	100.75
(e) Provision for Doubtful Debts/Other Advances	104.54	(19.10)
(f) Leave Encashment Provision	6.06	(5.93)
(g) Provision for Gratuity	(0.86)	60.14
(h) Foreign Exchange Loss	—	58.55
(i) Revaluation Reserve	1.86	—
	759.77	913.32
Deduct:		
(a) Income from Investment (Dividend)	0.61	0.62
(b) Surplus on Sale of Assets	66.13	1.56
(c) Unclaimed Credit Balances Appropriated	91.61	168.96
(d) Foreign Exchange Gains	341.08	—
	499.43	171.14
<b>Operating Profit Before Working Capital Changes</b>	<b>(244.05)</b>	<b>(208.27)</b>
Deduct:		
(a) Increase in Inventories	92.83	—
(b) Decrease in Trade and Other Payables	—	25.52
	92.83	25.52
Add:		
(a) Decrease in Inventories	—	927.21
(b) Decrease in Trade Receivables & Advances	552.39	146.50
(c) Increase in Trade and Other Payables	317.60	—
	869.99	1,073.71
	533.11	839.92
Income Taxes Paid	26.93	44.67
<b>Net Cash Inflow/(Outflow) from Operations (A)</b>	<b>506.18</b>	<b>795.25</b>
<b>II. CASH FLOW ARISING FROM INVESTING ACTIVITIES:</b>		
Inflow:		
(a) Sale of Fixed Assets	73.16	1,104.48
(b) Income from Investments (Dividend)	0.61	0.62
	73.77	1,105.10
Deduct:		
Outflow:		
(a) Acquisition of Fixed Assets	74.19	422.32
(b) Investment in Foreign Subsidiary	19.82	15.01
	94.01	437.33
<b>Net Cash Inflow/(Outflow) in Course of Investing Activities (B)</b>	<b>(20.24)</b>	<b>667.77</b>

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

₹ in Lacs

	Year Ended 31-Mar-14	Year Ended 31-Mar-13
<b>III. CASH FLOW ARISING FROM FINANCING ACTIVITIES:</b>		
Inflow :		
(a) Decrease in Bank Deposits	—	19.18
(b) Increase in Term Loan	—	73.78
(c) Increase in Unsecured Loan	163.07	86.00
(d) Increase in Working Capital Borrowings	305.33	—
	468.40	178.96
Deduct :		
Outflow :		
(a) Increase in Bank Deposits	18.49	—
(b) Repayment of Term Loan	452.79	829.61
(c) Repayment of Unsecured Loan	—	253.81
(d) Decrease in Working Capital Borrowings	—	144.46
(e) Net Interest Paid	451.18	505.45
	922.46	1,733.33
<b>Net Cash Inflow/(Outflow) In Course of Financing Activities (C)</b>	<b>(454.06)</b>	<b>(1,554.37)</b>
<b>Net Increase/(Decrease) in Cash/Cash Equivalents (A+B+C)</b>	<b>31.88</b>	<b>(91.35)</b>
Cash/Cash Equivalents at the beginning of the year	30.70	122.05
Cash/Cash Equivalents at the close of the year	62.58	30.70
<b>Net Increase/(Decrease) in Cash/Cash Equivalents</b>	<b>31.88</b>	<b>(91.35)</b>

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

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

For and on Behalf of the Board of Directors

**NIRMAL BHOGILAL**  
Chairman & Managing Director

**GEORGE VERGHESE**  
Director

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

**PREMA CHANDRASEKHAR**  
Chief Financial Officer

**PUNEET KAPUR**  
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 the 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.

- 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.

**SIGNIFICANT ACCOUNTING POLICIES — (Contd.)****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 the Profit and Loss Account as and when incurred and the Company has no further obligation beyond making the contributions.

**b) Defined Benefits Plans:**

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

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 are 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 31<sup>ST</sup> MARCH, 2014**

₹ in Lacs

	As at 31-Mar-14	As at 31-Mar-13
<b>NOTE 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
4,61,70,400 (P.Y. 4,61,70,400) Equity Shares of ₹ 5/- each	<b>2,308.52</b>	2,308.52
6,92,480 (P.Y. 6,92,480) Preference Shares of ₹ 100/- each	<b>692.48</b>	692.48
	<b>3,001.00</b>	3,001.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
2,86,82,550 (P.Y. 2,86,82,550) Equity Shares of ₹ 5/- (P.Y. ₹ 5/-) each fully paid	<b>1,434.13</b>	1,434.13
6,92,480 (P.Y. 6,92,480) 5% - 5 Year Redeemable Non-Cumulative Preference Shares of ₹ 100/- each	<b>692.48</b>	692.48
	<b>2,126.61</b>	2,126.61

**Notes:**

Of the above:

**Equity Shares**

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

Particulars	2013-14	2012-13
Opening Number of Equity Shares	<b>2,86,82,550</b>	2,86,82,550
Add: Fresh Equity Shares issued during the year	—	—
Closing Number of Equity Shares	<b>2,86,82,550</b>	2,86,82,550

The details of Shareholder holding more than 5% equity shares is as under:

Name of Shareholder	No. of Shares	No. of Shares
Mr. Nirmal Bhogilal	<b>2,02,47,921</b>	2,02,48,844
% Shareholding	<b>70.59%</b>	70.60%

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

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

Particulars	2013-14	2012-13
Opening Number of Preference Shares	<b>6,92,480</b>	6,92,480
Add: Fresh Preference Shares issued during the year	—	—
Closing Number of Preference Shares	<b>6,92,480</b>	6,92,480

Details of Shareholder holding more than 5% Preference shares are as under:

Name of Shareholder	No. of Shares	No. of Shares
Mr. Pratap Bhogilal	<b>6,92,480</b>	6,92,480
% Shareholding	<b>100%</b>	100%

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

₹ in Lacs

	As at 31-Mar-14	As at 31-Mar-13
<b>NOTE 2 : RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>		
As per last Balance Sheet	25.00	25.00
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	160.60	125.60
Add: Transferred from the Profit and Loss Account	—	35.00
	160.60	160.60
<b>Revaluation Reserve</b>		
As per last Balance Sheet	446.05	448.11
Less: Amount withdrawn on account of depreciation on revalued assets	1.86	2.06
	444.19	446.05
<b>Securities Premium Reserve</b>		
As per last Balance Sheet	393.01	393.01
<b>General Reserve</b>		
As per last Balance Sheet	1,224.39	1,224.39
<b>Investment Allowance Reserve Utilised</b>		
As per last Balance Sheet	63.05	63.05
	2,310.24	2,312.10
<b>Surplus</b>		
Opening Balance in the Profit and Loss Account	1,431.13	1,418.04
Add: Profit/Loss from the Profit and Loss Account	(419.59)	48.09
Less: Transfer to Capital Redemption Reserve	—	35.00
	1,011.54	1,431.13
Closing Balance in the Profit and Loss Account	1,011.54	1,431.13
<b>TOTAL</b>	<b>3,321.78</b>	<b>3,743.23</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

	₹ in Lacs	
	As at 31-Mar-14	As at 31-Mar-13
<b>NOTE 3 : NON CURRENT LIABILITIES</b>		
<b>Long Term Borrowings</b>		
<b>Secured Loans</b>		
FROM BANKS		
Rupee Term Loans	112.99	223.84
<b>Repayment Terms</b>		
Repayable in E.M.I of ₹ 13.87 Lacs, maturing in January, 2016		
[Security: Refer Note 16 I-a]		
Car Loan (Secured by Hypothecation of Vehicle)	6.88	9.92
<b>Repayment Terms</b>		
Repayable in various EMIs by October, 2017		
<b>Unsecured Loans</b>		
<b>Loans &amp; Advances from Related Parties</b>		
Loan from Director	201.70	101.70
<b>Repayment Terms</b>		
Repayable after one year		
Other Loans	417.08	354.01
<b>Repayment Terms</b>		
Repayable after one year		
	<u>738.65</u>	<u>689.47</u>
<b>Other Long Term Liabilities</b>		
Trade Payables	180.51	223.81
Advances and Deposits from Customers	428.10	352.44
Interest Accrued and Due on Loans	95.42	49.79
Employee Related and Other Liabilities	63.63	77.97
	<u>767.66</u>	<u>704.01</u>
<b>Long Term Provisions</b>		
Provision for Employee Benefits:		
Provision for Gratuity	398.97	437.60
Provision for Leave Encashment	107.47	117.82
Warranty Provision	44.31	47.12
	<u>550.75</u>	<u>602.54</u>



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

	As at 31-Mar-14	As at 31-Mar-13
<b>NOTE 4 : CURRENT LIABILITIES</b>		
<b>Short Term Borrowing</b>		
<b>Secured</b>		
Loans Repayable on Demand		
From Banks		
Cash Credit and Working Capital Borrowings [Security: Refer Note 16 I-b]	1,957.02	1,636.18
<b>Unsecured</b>		
Inter Corporate Deposits	385.97	401.48
	<u>2,342.99</u>	<u>2,037.66</u>
<b>Trade Payables</b>		
Due to Micro, Small and Medium Enterprises [Refer Note 16-II]	56.20	22.76
Others	2,682.96	2,390.26
	<u>2,739.16</u>	<u>2,413.02</u>
<b>Other Current Liabilities</b>		
Advances and Deposits from Customers	969.78	1,131.16
Unclaimed Dividend*	5.99	8.76
Current maturities of Long Term Loan – Secured:		
Rupee Term Loan from Bank [Security: Refer Note 16 I-a]	110.70	323.24
Foreign Currency Term loan	—	126.96
Car Loan (Secured by Hypothecation of Vehicle)	6.91	6.30
Interest accrued but not due on loans	—	34.15
Statutory, Legal, Employee Related and Other Liabilities	788.34	714.43
	<u>1,881.72</u>	<u>2,345.00</u>
<b>Short Term Provisions</b>		
Provisions for Employee Benefits:		
Provision for Gratuity	64.08	51.60
Provision for Leave Encashment	20.32	3.91
Warranty Provisions	39.28	39.14
	<u>123.68</u>	<u>94.65</u>

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

## NOTE 5 : FIXED ASSETS

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 1-Apr-13	Additions/ Adjustments	Deductions/ Adjustments	As at 31-Mar-14	Upto 31-Mar-13	For the Year	Deductions/ Adjustments**	Upto 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
<b>Tangible Assets</b>										
Land (Freehold)	1,943.60	—	—	1,943.60	—	—	—	—	1,943.60	1,943.60
Land (Leasehold)*	434.49	—	—	434.49	—	—	—	—	434.49	434.49
Buildings*										
On Freehold Land	1,434.53	13.86	3.89	1,444.50	592.36	36.22	1.05	627.53	816.97	842.17
On Leasehold Land	321.86	—	—	321.86	220.66	9.89	—	230.55	91.31	101.20
Plant & Machinery	6,019.37	27.62	—	6,046.99	4,322.22	99.43	—	4,421.65	1,625.34	1,697.15
Office equipment/ Computers etc.	763.32	19.85	1.92	781.25	689.92	18.48	1.14	707.26	73.99	73.40
Furniture, Fixtures, Fans and Electrical Fittings	197.55	5.28	—	202.83	142.89	8.49	—	151.38	51.45	54.66
Vehicles	42.18	7.58	6.03	43.73	8.58	4.68	2.62	10.64	33.09	33.60
<b>Total Tangible Assets</b>	<b>11,156.90</b>	<b>74.19</b>	<b>11.84</b>	<b>11,219.25</b>	<b>5,976.63</b>	<b>177.19</b>	<b>4.81</b>	<b>6,149.01</b>	<b>5,070.24</b>	<b>5,180.27</b>
<b>TOTAL</b>	<b>11,156.90</b>	<b>74.19</b>	<b>11.84</b>	<b>11,219.25</b>	<b>5,976.63</b>	<b>177.19</b>	<b>4.81</b>	<b>6,149.01</b>	<b>5,070.24</b>	<b>5,180.27</b>
(Previous Year)	(10,824.97)	(422.17)	(90.24)	(11,156.90)	(5,827.49)	(182.74)	(33.60)	(5,976.63)	(5,180.27)	(4,997.48)
<b>Capital Work-in-Progress</b>									<b>281.18</b>	<b>281.18</b>
(Previous Year)									(281.18)	(281.03)
<b>TOTAL</b>									<b>5,351.42</b>	<b>5,461.45</b>
(Previous Year)									(5,461.45)	(5,278.51)

\* 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 ₹ 1.86 Lacs being the depreciation on revalued assets drawn from Revaluation Reserve (SPM).

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

₹ in Lacs

	<b>Numbers 31-Mar-14</b>	<b>Numbers 31-Mar-13</b>	<b>Face Value (Each ₹)</b>	<b>As at 31-Mar-14</b>	<b>As at 31-Mar-13</b>
<b>NOTE 6 : NON-CURRENT INVESTMENTS</b>					
<b>TRADE INVESTMENTS</b>					
<b>Investment in Equity Instruments:</b>					
In fully paid Equity Shares (Un-quoted):					
Batliboi Environmental Engineering Ltd.	<b>19,08,930</b>	19,08,930	10.00	<b>191.21</b>	191.21
In fully paid Shares of Wholly Owned Subsidiary Company (Un-quoted):					
Queen Project Mauritius Ltd.					
Ordinary shares of MUR 10 each	<b>32,088</b>	32,088		<b>405.77</b>	405.77
<b>Investment in Preference Instruments:</b>					
In fully paid Shares of Wholly Owned Subsidiary Company (Un-quoted):					
Queen Project Mauritius Ltd.					
Preference Shares of MUR 10 each	<b>1,52,93,710</b>	1,51,76,670		<b>3,067.09</b>	2,701.07
<b>NON-TRADE INVESTMENTS</b>					
<b>Investment in Equity Instruments:</b>					
In fully paid Equity Shares (Quoted):					
Aturia Continental Ltd.	<b>1,29,032</b>	1,29,032	10.00	<b>40.00</b>	40.00
The Mysore Kirloskar Ltd.	<b>2,00,277</b>	2,00,277	10.00	<b>9.62</b>	9.62
Mafatlal Engg. Ind. Ltd.	<b>348</b>	348	100.00	<b>0.38</b>	0.38
The Ahmedabad Mfg. & Calico Printing Co. Ltd.	<b>20</b>	20	125.00	<b>0.01</b>	0.01
Shri Ambica Mills Ltd.	<b>8</b>	8	100.00	<b>0.01</b>	0.01
The Aruna Mills Ltd.	<b>25</b>	25	100.00	<b>0.01</b>	0.01
The Khatau Makanji Spg. & Wvg. Co. Ltd.	<b>55</b>	55	10.00	<b>0.02</b>	0.02
Padmatex Engg. Ltd.	<b>25</b>	25	10.00	<b>0.00</b>	0.00
<b>SUB-TOTAL</b>				<b>50.05</b>	50.05
In fully paid Equity Shares (Un-quoted):					
Andhra Pradesh State Financial Corporation	<b>5</b>	5	100.00	<b>0.01</b>	0.01
Precision Tooling Systems Ltd.	<b>1,500</b>	1,500	10.00	<b>0.15</b>	0.15
Shree Vardhan Co.-op. Bank Ltd.	<b>200</b>	200	25.00	<b>0.05</b>	0.05
Patan Co-operative Bank Ltd.	<b>200</b>	200	25.00	<b>0.06</b>	0.06
The Saraswat Co.-op. Bank Ltd.	<b>5</b>	5	10.00	<b>0.00</b>	0.00
The Shamrao Vitthal Co.-op. Bank Ltd.	<b>20,000</b>	20,000	25.00	<b>5.00</b>	5.00
<b>SUB-TOTAL</b>				<b>5.27</b>	5.27
<b>Investment in Preference Instruments:</b>					
In fully paid 4% Cumulative Preference Shares (Quoted):					
The Khatau Makanji Spg. & Wvg. Co. Ltd.	<b>5</b>	5	100.00	<b>0.01</b>	0.01
<b>SUB-TOTAL</b>				<b>0.01</b>	0.01
<b>TOTAL</b>				<b>3,719.40</b>	3,353.38
Less: Provision for diminution in value of investments				<b>49.55</b>	49.55
<b>GRAND TOTAL</b>				<b>3,669.85</b>	3,303.83
<b>Aggregate Value of Quoted Investments</b>					
				<b>50.06</b>	50.06
Less: Provision for diminution in value of investments				<b>49.55</b>	49.55
<b>Net Value of Quoted Investments</b>				<b>0.51</b>	0.51
<b>Market Value of Quoted Investments</b>					
				<b>—</b>	—
<b>Aggregate Value of Un-Quoted Investments</b>				<b>3,669.34</b>	3,303.32

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

₹ in Lacs

	As at 31-Mar-14	As at 31-Mar-13
<b>NOTE 7 : LONG TERM LOANS &amp; ADVANCES AND OTHER NON-CURRENT ASSETS</b>		
<b>Long Term Loans &amp; Advances</b>		
Unsecured Considered Good Unless Specified Otherwise		
Capital Advances	0.47	1.00
Security & Other Deposits	73.11	78.41
Considered Doubtful	16.79	16.79
Less : Provision for Doubtful Deposits	16.79	—
SUB TOTAL	73.11	78.41
Other Loans & Advances		
Staff Loans	10.74	10.29
Advances recoverable in cash or in kind or for value to be received	7.81	7.33
SUB TOTAL	18.55	17.62
MAT Credit Available for Set Off	123.32	86.80
	<b>215.45</b>	<b>183.83</b>

### Other Non-Current Assets

#### Long Term Trade Receivables

##### Unsecured

Debts outstanding Considered Good	327.95	223.35
Considered Doubtful	184.72	80.19
Less: Provision for Doubtful Debts	184.72	—
	<b>327.95</b>	<b>223.35</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

₹ in Lacs

	<b>As at 31-Mar-14</b>	<b>As at 31-Mar-13</b>
<b>NOTE 8 : CURRENT ASSETS</b>		
<b>Inventories</b> (Valued at Lower of Cost or Net Realisable Value)		
Raw Materials	<b>1,005.22</b>	881.53
Work-in-Progress	<b>1,009.96</b>	1,040.87
Stock of Machines (including own manufactured)	<b>32.11</b>	45.54
Stores and Spare Parts	<b>17.72</b>	9.51
Loose Tools	<b>12.13</b>	6.86
	<b>2,077.14</b>	1,984.31
<b>Trade Receivables</b>		
Unsecured		
Debts outstanding for a period exceeding six months Considered Good	<b>443.47</b>	504.99
Debts outstanding for a period less than six months Considered Good	<b>1,863.88</b>	2,494.70
	<b>2,307.35</b>	2,999.69
<b>Cash and Bank Balances</b>		
<u>Cash and Cash Equivalents:</u>		
Cash and Cheques on hand and at collection centres	<b>8.18</b>	2.12
<u>Balances with Scheduled Banks:</u>		
In Current Account	<b>48.41</b>	19.82
	<b>56.59</b>	21.94
<u>Other Bank Balances:</u>		
Balances with Banks for Unpaid Dividends	<b>5.99</b>	8.76
Fixed Deposits with Banks having maturity of more than 3 months but less than 1 year (towards Margin on Guarantees/LC's (Deposit receipts pledged with the Banks))	<b>141.02</b>	122.53
	<b>203.60</b>	153.23
<b>Short Terms Loans and Advances</b>		
Unsecured, Considered Good Unless Otherwise Stated		
Advances recoverable in cash or in kind or for value	<b>202.82</b>	296.39
Staff Loans	<b>11.06</b>	12.62
Deposit	<b>38.31</b>	51.94
Balances with Excise, Sales Tax and Service Tax	<b>118.54</b>	97.30
Taxes paid in advance and deducted at source (Net of Provision for Tax)	<b>74.51</b>	47.25
	<b>445.24</b>	505.50

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

₹ in Lacs

	2013-14	2012-13
<b>NOTE 9 : REVENUE FROM OPERATIONS</b>		
Sale of Products [Refer Note: 16-V-A(ii) & B]	11,140.77	11,751.47
Sale of Services [Refer Note: 16-V-C]	1,241.12	1,043.29
Other Operating Revenue	261.64	277.55
Less : Excise Duty	954.87	1,027.18
	<u>11,688.66</u>	<u>12,045.13</u>
<b>NOTE 10 : OTHER INCOME</b>		
Dividend	0.61	0.62
Exchange Difference Gains	346.20	—
Profit on Sale of Fixed Assets	66.13	1.56
Unclaimed Credit Balances Written Back	91.61	168.96
Interest [TDS - ₹ 1.12 lacs (PY - ₹ 1.10 Lacs)]	13.01	12.92
Surrender of Tenancy Rights	—	130.00
Miscellaneous Receipts	1.50	1.50
	<u>519.06</u>	<u>315.56</u>
<b>NOTE 11 : COST OF MATERIALS CONSUMED</b>		
Raw Materials Consumed [Refer Note No. 16-V-A(i)]	5,331.84	5,117.81
Less: Self Consumption for Job Contracts	1.09	5.16
Cost of Job Contracts	13.64	38.82
Cost of Services Rendered	54.27	78.93
Job Work Charges Incurred	186.45	156.31
	<u>5,585.11</u>	<u>5,386.71</u>
<b>NOTE 11 : PURCHASE OF STOCK-IN-TRADE</b>		
Purchases of Stock-in-Trade	1,357.20	1,576.15
	<u>1,357.20</u>	<u>1,576.15</u>
<b>NOTE 11 : CHANGE IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS &amp; STOCK-IN-TRADE</b>		
Stock at Close:		
Work-in-Progress	1,009.96	1,040.87
Stock of Machines and Own Manufactured Machines (Including Excise Duty)	32.11	45.54
Less:		
Stock at Commencement :		
Work-in-Progress	1,040.87	1,343.34
Stock of Machines and Own Manufactured Machines (Including Excise Duty)	45.54	68.45
	<u>44.34</u>	<u>325.38</u>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

₹ in Lacs

	2013-14	2012-13
<b>NOTE 12 : EMPLOYEE BENEFIT EXPENSES</b>		
(Refer Note no. 16-X-C)		
Salaries, Wages, Allowances and Bonus	2,117.13	2,082.98
Contribution to Provident and Other Funds	133.70	138.91
Payments & Provision for Gratuity	49.19	57.15
Staff Welfare Expenses	193.03	190.41
	<u>2,493.05</u>	<u>2,469.45</u>
<b>NOTE 13 : FINANCE COST</b>		
Interest Expenses	457.54	524.49
Other Borrowing Cost	59.91	64.39
Applicable Loss on Foreign Currency Transaction and Translation	5.12	35.71
	<u>522.57</u>	<u>624.59</u>
<b>NOTE 14 : OTHER EXPENSES</b>		
Rent	126.88	114.44
Rates and Taxes	32.68	35.87
Power and Fuel	170.57	233.19
Insurance	25.87	20.75
Sales Commission	112.29	120.39
Exhibitions/Advertisement Expenses	15.65	59.13
Printing and Stationery	19.39	19.64
Travelling and Conveyance	283.36	288.08
Audit, Legal and Professional Charges	132.95	189.95
Royalty & Technical Fees	—	18.65
Vehicle Maintenance	85.23	78.34
Packing and Cartage	133.77	125.30
Stores & Loose Tools Consumed	142.59	159.97
Repairs to Machinery	60.86	76.35
Repairs to Buildings	9.73	17.94
Repairs to Other Assets	30.63	27.37
Outsourced Services	666.12	672.88
Discounts and Allowances to Customers	14.50	22.22
Directors' Sitting Fees	5.35	4.87
Loss on Sale/Assets Written Off	—	11.68
Bad Debts	13.44	100.75
Provision for Doubtful Debts/Advances	104.54	(19.10)
Exchange Difference Loss	—	34.92
Miscellaneous Expenses	346.25	332.54
	<u>2,532.65</u>	<u>2,746.12</u>
<b>NOTE 15 : EXCEPTIONAL ITEMS</b>		
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>—</u>	<u>(1,011.61)</u>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

### NOTE 16 :

#### I. Borrowings and Securities:

- Rupee Term Loans of ₹ 223.69 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 Udhna, Surat. Working capital lender banks have the second pari-passu charge on the aforesaid Fixed Assets.
- 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 Udhna, Surat and Hosur Road, Bangalore. Credit facilities including sub-limits extended by Consortium banks to Batliboi Environmental Engineering Limited (BEEL), are secured by second pari-passu charge on the fixed assets of the Company (both present and future) at Udhna, Surat and Hosur Road, Bangalore.
- A specific guarantee facility of ₹ 288.00 Lacs (P.Y. ₹ 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 31.03.2014: ₹ 171.33 Lacs (P.Y. ₹ 171.33 Lacs).

#### II. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	As at 31-Mar-14	As at 31-Mar-13
Principal amount due and remaining unpaid	20.64	22.24
Interest due on above and the unpaid interest	4.04	5.36
Interest Paid	Nil	Nil
Payment made beyond the appointed day during the year	31.77	21.38
Interest due and payable for the period of delay*	2.80	3.48
Interest accrued and remaining unpaid	4.04	5.36
Amount of further interest remaining due and payable in succeeding years	Nil	Nil

\*Not claimed by parties.

#### III. Contingent Liabilities not provided for in respect of:

- Claims against the Company not acknowledged as debts: ₹ 277.64 Lacs (Previous Year: ₹ 276.44 Lacs).
- Disputed Sales Tax/Excise demands under appeal ₹ 76.30 Lacs (Previous Year: ₹ 76.30 Lacs).
- Corporate Guarantees given to banks & financial institutions for credit facilities/performance guarantees extended by them to Batliboi Environmental Engineering Limited (BEEL), a related party: ₹ 2,540.00 Lacs (Previous Year: ₹ 2,390.00 Lacs). Balance outstanding as on 31.03.2014: ₹ 2,030.50 Lacs (Previous Year: ₹ 2,155.50 Lacs).
- Guarantees given on behalf of the Company by its bankers and outstanding ₹ 1,475.40 Lacs (Previous Year: ₹ 1,278.23 Lacs). Out of the above, Guarantees of ₹ 109.56 Lacs (Previous Year ₹ 116.12 Lacs) given by Company's bankers and outstanding in respect of contracts of Batliboi Environmental Engineering Limited (BEEL), a related party.
- 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.
- Company has given Corporate Guarantee to others on behalf of its step down subsidiary Quickmill Inc amounting to CAD 0.739 Million equivalent to ₹ 407.26 Lacs (P.Y CAD 0.739 Million equivalent to ₹ 394.41 Lacs).

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014****NOTE 16 : (Contd.)****IV. Commitments:**

- (a) Estimated amount of contracts remaining to be executed on capital account not provided for: ₹ Nil Lacs (Previous Year: ₹ Nil 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	2013-14	2012-13
(a) Aluminum Sheets	14.86	58.03
(b) Iron and Steel	633.98	504.46
(c) Castings	373.24	132.41
(d) Electric Motors	334.38	441.05
(e) Scrap	418.60	704.21
(f) Other Components	3,610.36	3,371.97
<b>Sub-Total</b>	<b>5,385.42</b>	<b>5,212.13</b>
Less: Captive Use	53.58	94.32
<b>Total</b>	<b>5,331.84</b>	<b>5,117.81</b>

- (ii) Manufactured Goods:

₹ in Lacs

Particulars	Sales Value	Closing Inventory	Opening Inventory
(a) Machine Tools	5,633.38 (6,345.61)	Nil (Nil)	Nil (19.10)
(b) Humidification Air Control/Exhaust Fans & Compressors	3,701.87 (3,450.64)	Nil (Nil)	Nil (Nil)
(c) Castings	15.44 (13.39)	Nil (Nil)	Nil (Nil)
<b>Total</b>	<b>9,350.69</b> <b>(9,809.64)</b>	<b>Nil</b> <b>(Nil)</b>	<b>Nil</b> <b>(19.10)</b>

- (iii) Work-in-Progress:

₹ in Lacs

Particulars	Closing Inventory	Opening Inventory
(a) Machine Tools	825.96 (825.49)	825.49 (1,055.00)
(b) Humidification Air Control/Exhaust Fans & Compressors	170.65 (196.73)	196.73 (235.54)
(c) Castings	13.35 (18.65)	18.65 (52.80)
<b>Total</b>	<b>1,009.96</b> <b>(1,040.87)</b>	<b>1,040.87</b> <b>(1,343.34)</b>



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

### NOTE 16 : (Contd.)

#### (B) TRADING:

₹ in Lacs

Particulars	Purchase	Sales	Opening Inventory	Closing Inventory
(a) Machine Tools	536.86 (732.79)	600.96 (786.05)	Nil (Nil)	Nil (Nil)
(b) Humidification Air Control/Exhaust Fans & Compressors	397.37 (416.93)	648.66 (606.29)	3.34 (4.19)	4.82 (3.34)
(c) Knitting Oil & Digital Printing Ink	422.97 (426.43)	540.46 (549.50)	42.20 (45.16)	27.29 (42.20)
<b>Total</b>	<b>1,357.20</b> <b>(1,576.15)</b>	<b>1,790.08</b> <b>(1,941.84)</b>	<b>45.54</b> <b>(49.35)</b>	<b>32.11</b> <b>(45.54)</b>

#### (C) SERVICES:

₹ in Lacs

Particulars	2013-14	2012-13
(a) Commission	1,004.07	809.74
(b) Service Charges	237.05	233.55
<b>Total</b>	<b>1,241.12</b>	<b>1,043.29</b>

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

₹ in Lacs

Particulars	2013-14	2012-13
(a) Raw Materials and Components	519.62	466.36
(b) Purchases for Trading	1.25	58.08
<b>Total</b>	<b>520.87</b>	<b>524.44</b>

#### VII. Expenditure in Foreign Currency:

₹ in Lacs

Particulars	2013-14	2012-13
(a) Traveling Expenses	32.16	68.47
(b) Interest on ECB Loan	0.53	7.36
(c) Commission and Royalty & Technical Fees	—	20.46
<b>Total</b>	<b>32.69</b>	<b>96.29</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**
**NOTE 16 : (Contd.)**
**VIII. Consumption of Imported and Indigenous Raw Materials, Components, Stores and Spares:**

Particulars	2013-14		2012-13	
	% of Total Consumption	₹ in Lacs	% of Total Consumption	₹ in Lacs
(a) Raw Materials & Components				
Imported	10.04%	535.29	14.20%	726.94
Indigenous	89.96%	4,796.55	85.80%	4,390.87
	100.00%	5,331.84	100.00%	5,117.81
(b) Stores, Spares & Loose Tools				
Imported	0.00%	Nil	0.00%	Nil
Indigenous	100.00%	142.59	100.00%	159.97
	100.00%	142.59	100.00%	159.97

**IX. Earnings in Foreign Currency:**

₹ in Lacs

Particulars	2013-14	2012-13
Commission/Other Income	990.45	797.87
<b>Total</b>	<b>990.45</b>	<b>797.87</b>

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

₹ in Lacs

Particulars	2013-14		2012-13	
	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	2.45	—	2.47	—
(d) Expenses	0.21	0.93	0.55	0.91
(e) Other Services	2.97	1.72	3.00	2.11
<b>Total</b>	<b>13.38</b>	<b>4.40</b>	<b>13.77</b>	<b>4.77</b>

**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		
	3. Total Contract Revenue recognized as Revenue during the year	8.60 29.58
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	78.51 56.60
	b. Amount Due from/(to) Customers	55.95 56.02
	c. Advances Received from Customers	22.56 0.58

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

### NOTE 16 : (Contd.)

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

Exchange Gains/Loss credited/charged to the Profit and Loss Account: Exchange Gain ₹ 341.08 Lacs (Previous Year Exchange Loss ₹ 58.55 Lacs).

#### XI. C. As per Accounting Standard 15 Employee Benefits – the disclosures as defined in the Accounting Standard are 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	2013-14	2012-13
(a) Contribution to Employees Provident Fund i.r.o. employees at manufacturing facilities	47.69	48.41
(b) Contribution to Employees Superannuation Fund	21.71	24.49

##### 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.

**Gratuity and Compensated Absence as per actuarial valuation on 31<sup>st</sup> March, 2014 (31<sup>st</sup> March, 2013):**

₹ in Lacs

		Gratuity	Leave Encashment	Compensated Absence
		Non-funded	Non-funded	Non-funded
•	<b>Changes in the Present Value of Obligation</b>			
	(a) Present Value of Obligation as at 1 <sup>st</sup> April, 2013	489.10 (530.71)	121.55 (127.00)	9.86 (7.45)
	(b) Interest Cost	39.13 (42.46)	9.72 (10.16)	— (—)
	(c) Service Cost	23.12 (25.48)	15.61 (16.91)	— (—)
	(d) Curtailment Cost/(Credit)	—	—	—
	(e) Settlement Cost/(Credit)	—	—	—
	(f) Benefits Paid	50.05 (23.94)	27.56 (23.88)	— (—)
	(g) Interest guarantee (if relevant)	—	—	—
	(h) Actuarial (Gain)/Loss	(38.25) (85.61)	(5.30) (8.64)	0.80 (2.41)
	(i) Present Value of Obligation as at 31 <sup>st</sup> March, 2014	463.05 (489.10)	114.02 (121.55)	10.66 (9.86)
•	<b>Changes in the Fair Value of Plan Assets</b>			
	(a) Present Value of Plan Assets as at 1 <sup>st</sup> April, 2013	NIL	NIL	NIL
	(b) Expected Return on Plan Assets	NA	NA	NA
	(c) Actuarial (Gain)/Loss	NIL	NIL	NIL
	(d) Employers' Contributions	NIL	NIL	NIL
	(e) Benefits Paid	NA	NA	NA
	(f) Present Value of Obligation as at 31 <sup>st</sup> March, 2014	NIL	NIL	NIL

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**
**NOTE 16 : (Contd.)**

		Gratuity	Leave Encashment	Compensated Absence
		Non-funded	Non-funded	Non-funded
•	<b>Amount Recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>			
	(a) Present Value of Defined Benefit Obligation as at 31 <sup>st</sup> March, 2014	<b>463.05</b> (489.10)	<b>114.02</b> (121.55)	<b>NIL</b> (NIL)
	(b) Fair Value of Plan Assets as at 31 <sup>st</sup> March, 2014	NIL	NIL	NIL
	(c) Net Liability recognized in the Balance Sheet (as at 31 <sup>st</sup> March, 2014)	<b>463.05</b> (489.10)	<b>114.02</b> (121.55)	<b>NIL</b> (NIL)
•	<b>Expenses Recognized in the Profit and Loss Account</b>			
	(a) Service Cost	<b>23.12</b> (25.48)	<b>15.61</b> (16.91)	<b>NIL</b> (NIL)
	(b) Interest Cost	<b>39.13</b> (42.46)	<b>9.72</b> (10.16)	<b>NIL</b> (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	<b>(38.25)</b> (85.61)	<b>(5.30)</b> (8.64)	<b>NIL</b> (NIL)
	(g) Total Expenses recognized in the Profit and Loss Account	<b>23.99</b> (17.67)	<b>20.03</b> (18.43)	<b>NIL</b> (NIL)
•	<b>Actual Return on Plan Assets</b>			
•	<b>Estimated Contribution to be made in the next annual year</b>			
•	<b>The Composition of Plan Assets:</b> i.e. Percentage of each Category of Plan Assets to Total Fair Value of Plan Assets as at 31 <sup>st</sup> March, 2014	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
	<b>Total</b>			
•	<b>Actuarial Assumptions</b>			
	Retirement age	58 years for employees at manufacturing facilities at Udhna 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.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

### NOTE 16 : (Contd.)

#### 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 the following segments:

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

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

₹ in Lacs

Particulars	Machine Tools Group		Textile Engineering Group		Un-Allocated & Others		Total Company	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Segment Revenue</b>								
Total Segment Revenue	5,848.77	6,750.63	5,525.51	4,936.45	314.38	358.05	11,688.66	12,045.13
Add: Other un-allocable Revenue	—	—	—	—	—	—	—	—
Sub Total	5,848.77	6,750.63	5,525.51	4,936.45	314.38	358.05	11,688.66	12,045.13
(Less): Inter-segment Sales	—	—	—	—	—	—	—	—
Segment Revenue from external customers	5,848.77	6,750.63	5,525.51	4,936.45	314.38	358.05	11,688.66	12,045.13
<b>Segment Results</b>								
Profit/(Loss) before Interest & Tax	(1,213.61)	(963.69)	659.25	200.38	572.54	1,449.06	18.18	685.75
(Less): Interest	—	—	—	—	(522.57)	(624.59)	(522.57)	(624.59)
Total Profit/(Loss) before Tax	(1,213.61)	(963.69)	659.25	200.38	49.97	824.47	(504.39)	61.16
Less: Tax Expenses	—	—	—	—	(84.80)	13.07	(84.80)	13.07
Total Profit/(Loss) after Tax	(1,213.61)	(963.69)	659.25	200.38	134.77	811.40	(419.59)	48.09
<b>Segment wise Capital Employed</b>								
(Segment Assets Less Segment Liabilities)	2,611.38	3,024.57	379.87	272.70	2,457.14	2,572.56	5,448.39	5,869.83
Segment Assets	5,193.24	5,492.37	1,918.84	1,857.41	7,485.92	7,465.41	14,598.00	14,815.19
Segment Liabilities	2,581.86	2,467.80	1,538.97	1,584.71	5,028.78	4,892.85	9,149.61	8,945.36
Capital Expenditure	—	—	—	—	281.18	281.18	281.18	281.18
Depreciation	82.21	78.22	30.75	29.86	64.23	74.66	177.19	182.74
Non cash expenses other than Depreciation	—	—	—	—	—	—	—	—

#### (ii) Secondary Segment Reporting

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

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014****NOTE 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 Bhogilal
- (iv) Entities over which key management personnel are able to exercise significant influence:
  - (a) Batliboi Environmental Engineering Ltd.
  - (b) Batliboi International Limited
  - (c) Batliboi Impex Ltd.
  - (d) Batliboi Enexco 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 31<sup>ST</sup> MARCH, 2014

### NOTE 16 : (Contd.)

#### (B) Transactions & Outstanding Balances:

₹ in Lacs

	Particulars	Subsidiary Companies		Entities		Key Management Personnel & their Relatives	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>(I) Transactions</b>							
	Purchase of goods/materials/ services/fixed assets/investments	12.99	38.72	476.25	596.02	—	—
	Sale of goods/materials/services/ fixed assets/investments/recovery of expenses	214.57	125.40	945.58	1,011.05	—	—
	Rent/License Fee Received (Paid)	—	—	1.85	(7.51)	(12.69)	5.40
	Interest Paid (Received)	(0.67)	(0.60)	(4.21)	17.25	43.41	45.82
	Loans & Advance Received (Refunded)	—	—	(96.70)	(29.07)	322.00	(131.30)
	Loans & Advances in cash or kind Given/(Refunded)	—	—	(207.00)	—	—	—
	Gross Salary/Remuneration	—	—	—	—	145.70	117.19
<b>(II) Outstanding Balances as at 31.03.14, i.r.o:</b>							
	Loans & Advances – Received	7.51	7.51	89.00	115.99	570.09	223.70
	Loans & Advances – Given	—	—	—	—	—	—
	Other Receivable (for goods, services & other items)	175.53	162.57	676.05	1,082.89	—	—
	Other Payables (for goods, services & other items)	100.47	87.81	140.25	81.16	—	—

#### (C) Disclosure in Respect of Material Transaction with Related Parties

₹ in Lacs

		2013-14	2012-13
<b>(i) Purchase of Goods/Materials/Services/Fixed Assets/Investments/ Payment of Expenses</b>			
	Batliboi Environmental Engineering Ltd.	200.16	347.98
	Batliboi International Ltd.	2.66	0.49
	Batliboi Impex Ltd.	193.78	144.30
	Spartan Electricals	79.65	103.25
	Aesa Air Engineering S.A	12.99	18.26
	Quickmill INC	—	20.46

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014****NOTE 16 : (Contd.)**

<b>(ii)</b>	<b>Sale of Goods/Material/Services/Fixed Assets/Investments/Recovery of Expenses</b>		
	Batliboi Environmental Engineering Ltd.	<b>410.03</b>	510.26
	Batliboi International Ltd.	<b>445.16</b>	392.51
	Batliboi Enxco Pvt Ltd.	<b>58.45</b>	59.09
	Spartan Electricals	<b>1.46</b>	18.34
	Aesa Air Engineering S.A	<b>180.32</b>	95.70
	Quickmill INC	<b>34.25</b>	29.70
	Batliboi Impex Ltd.	<b>30.48</b>	30.85
<b>(iii)</b>	<b>Rent/Licence Fee Received/(Paid)</b>		
	Batliboi Environmental Engineering Ltd.	<b>11.47</b>	—
	Batliboi International Ltd.	<b>(9.09)</b>	(7.15)
	Batliboi Impex Ltd.	<b>(0.53)</b>	—
	Nirmal Bhogilal	<b>(11.40)</b>	(5.40)
	Kabir Bhogilal	<b>(1.29)</b>	—
<b>(iv)</b>	<b>Interest Paid/(Received)</b>		
	Batliboi Environmental Engineering Ltd.	<b>(15.84)</b>	(36.42)
	Batliboi International Ltd.	<b>9.66</b>	11.99
	Batliboi Impex Ltd.	<b>1.97</b>	5.04
	Pratap Bhogilal	<b>13.67</b>	22.36
	Nirmal Bhogilal	<b>14.49</b>	11.33
	Kabir Bhogilal	<b>2.50</b>	0.75
	Sheela Bhogilal	<b>5.88</b>	5.88
	Maya Bhogilal	<b>6.88</b>	5.48
	Aesa Air Engineering S.A	<b>(0.67)</b>	(0.60)
	Sustime Pharma Ltd.	<b>—</b>	0.22
<b>(v)</b>	<b>Loans &amp; Advances in Cash or Kind Received/(Refunded)</b>		
	Batliboi International Ltd.	<b>28.00</b>	—
	Batliboi Impex Ltd.	<b>(24.70)</b>	(13.53)
	Pratap Bhogilal	<b>222.00</b>	(185.00)
	Nirmal Bhogilal	<b>100.00</b>	18.70
	Kabir Bhogilal	<b>—</b>	20.00
	Maya Bhogilal	<b>—</b>	15.00
	Batliboi Enxco Pvt Ltd.	<b>(100.00)</b>	100.00
	Batliboi Environmental Engineering Ltd.	<b>(207.00)</b>	207.00
<b>(vi)</b>	<b>Gross Salary/Remuneration Paid</b>		
	Nirmal Bhogilal	<b>119.57</b>	94.79
	Kabir Bhogilal	<b>26.13</b>	22.40



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

### NOTE 16 : (Contd.)

#### XI. F. Earning Per Share:

Basic & Diluted Earnings per Share:

Workings of EPS		2013-14	2012-13
A.	Profit/(Loss) after tax		
	Net Profit/(Loss) available for Equity Shareholders: ₹ in Lacs	(419.59)	48.09
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: ₹	(1.46)	0.17

#### XI. G. Taxes on Income:

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

₹ in Lacs

		31-Mar-14	31-Mar-13
i.	Deferred Tax Assets:		
	Unabsorbed Business Loss/Unabsorbed Depreciation	332.00	349.84
	Provision for Doubtful Debts, Advances, Diminution in Value of Investments and Employee Benefits	140.00	85.07
ii.	Deferred Tax Liabilities:		
	Depreciation on Fixed Assets	477.00	493.91
iii.	Net Deferred Tax Assets/(Liabilities)	(5.00)	(59.00)

#### XI. H. Provisions, Contingent Liabilities and Contingent Assets:

Disclosure for Provisions in terms of AS-29:

₹ in Lacs

Provisions	Opening Amount	Additional Provision	Amount used	Amount Reversed	Closing Amount
2013-14	194.84	57.24	25.99	44.31	181.78
2012-13	230.58	75.20	23.84	87.11	194.83

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.

- XIII. A.** The Company has incurred operating losses during the year mainly due to under performance of one of its division. Although, the said division has healthy order book position, it has not been able to execute the orders on time due to stretched working capital owing to overall slowdown in the economy affecting the investment by private parties in the capital intensive sector to which the said division caters to. The Company has taken steps to improve the working capital situation and timely execution of the orders by the said division.

The Company is also intending to dispose of an immovable property in order to mitigate the losses incurred during the current year and to improve the liquidity position.

- B.** 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 the sizeable order books and 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 2868255 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, 11,00,000 options have been granted till 31<sup>st</sup> March, 2014. The granted options would vest in the eligible employees as follows:

- 1/3rd of the total number of options granted after 36<sup>th</sup> month from the date of grant of options.
- 1/3rd of the total number of options granted after 48<sup>th</sup> month from the date of grant of options.
- Balance 1/3rd of the total number of option granted after 60<sup>th</sup> month from 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 confirm to current year's classification and grouping. Figures in bracket represent previous year's figures.

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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

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

For and on Behalf of the Board of Directors

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

**GEORGE VERGHESE**  
*Director*

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

**PREMA CHANDRASEKHAR**  
*Chief Financial Officer*

**PUNEET KAPUR**  
*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, 2014, 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 judgment, 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 but not for the purpose of expressing an opinion on the effectiveness of the entity internal control. 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, 2014;
- b) in the case of the Consolidated Profit and Loss Account, of the loss 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.

### Emphasis of Matter

Without qualifying our opinion, attention is also invited to the reason given by the management in Note No. 16.7.B to the financial statements as to why the management considers that there is no impairment in the value of goodwill on consolidation in respect of an overseas subsidiary.

### Other Matter

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of ₹ 7,655.28 Lacs as at March 31, 2014, total revenues of ₹ 15,014.29 Lacs and net cash outflows amounting to ₹ 667.05 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 Regn. No.109208W**  
**sd/-**  
**(G. Sankar)**  
**Partner**  
**Membership No. 46050**

Place: Mumbai  
Dated: 23<sup>rd</sup> May, 2014

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014**

₹ in Lacs

	Note No.	As at 31-Mar-14	As at 31-Mar-13
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	2,126.61	2,126.61
Reserves and Surplus	2	3,822.14	3,969.36
		<u>5,948.75</u>	<u>6,095.97</u>
<b>Minority Interest</b>			
		—	—
<b>Non-Current Liabilities</b>			
	3		
Long Term Borrowings		1,712.08	1,781.67
Deferred Tax Liabilities		37.38	99.56
Other Long Term Liabilities		1,657.32	1,337.10
Long Term Provisions		607.38	688.76
		<u>4,014.16</u>	<u>3,907.09</u>
<b>Current Liabilities</b>			
	4		
Short Term Borrowings		2,346.63	2,454.85
Trade Payables		5,583.20	4,980.08
Other Current Liabilities		4,001.92	4,316.27
Short Term Provisions		358.65	251.07
		<u>12,290.40</u>	<u>12,002.27</u>
<b>TOTAL</b>		<u><b>22,253.31</b></u>	<u><b>22,005.33</b></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
	5		
Tangible Assets		6,600.61	6,756.02
Goodwill on Consolidation		1,721.22	1,169.68
Intangible Assets		1,573.25	1,774.35
Capital Work-in-Progress		294.26	281.18
		<u>10,189.34</u>	<u>9,981.23</u>
Non-Current Investments	6	196.99	196.99
Long Term Loans and Advances	7	317.82	310.32
Other Non-Current Assets	7	319.84	280.58
<b>Current Assets</b>			
	8		
Current Investments		10.63	7.82
Inventories		4,213.98	4,104.18
Trade Receivables		4,918.11	5,478.30
Cash and Bank Balances		1,557.70	840.28
Short Term Loans and Advances		528.90	805.63
		<u>11,229.32</u>	<u>11,236.21</u>
<b>TOTAL</b>		<u><b>22,253.31</b></u>	<u><b>22,005.33</b></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

**PREMA CHANDRASEKHAR**  
Chief Financial Officer

**G. SANKAR**  
Partner  
Membership No.: 46050

**GEORGE VERGHESE**  
Director

**PUNEET KAPUR**  
Chief Corporate Counsel &  
Company Secretary

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

			₹ in Lacs
	Note No.	2013-14	2012-13
<b>INCOME</b>			
Revenue from Operations	9	26,702.95	26,728.64
Other Income	10	554.93	370.58
<b>TOTAL REVENUE</b>		<b>27,257.88</b>	<b>27,099.22</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	11	13,745.03	13,188.77
Purchases of Stock-in-Trade	11	1,367.19	1,582.98
Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade	11	(26.18)	351.83
Employee Benefit Expenses	12	5,678.89	5,483.16
Finance Cost	13	735.73	893.36
Depreciation		715.45	660.42
Other Expenses	14	5,239.25	5,611.84
<b>TOTAL EXPENSES</b>		<b>27,455.36</b>	<b>27,772.36</b>
<b>Profit/(Loss) Before Exceptional Items &amp; Taxes</b>		<b>(197.48)</b>	<b>(673.14)</b>
<b>Exceptional Items — (Expenses) / Income</b>	15	—	1,011.61
<b>Profit Before Taxes</b>		<b>(197.48)</b>	<b>338.47</b>
<b>Tax Expenses</b>			
Current Tax		175.45	96.56
Deferred Tax (Net)		(54.84)	18.83
MAT Credit available for set off		—	(13.00)
Tax Adjustments in respect of earlier years		(30.80)	(7.93)
<b>Profit/(Loss) for the year</b>		<b>(287.29)</b>	<b>244.01</b>
<b>Earnings per Share (Basic &amp; Diluted)</b>			
(Face Value of ₹ 5/- per Share)		(1.00)	0.85
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

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

For and on Behalf of the Board of Directors

**NIRMAL BHOGILAL**  
Chairman & Managing Director

**GEORGE VERGHESE**  
Director

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

**PREMA CHANDRASEKHAR**  
Chief Financial Officer

**PUNEET KAPUR**  
Chief Corporate Counsel &  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

₹ in Lacs

	Year Ended 31-Mar-14	Year Ended 31-Mar-13
<b>I. CASH FLOW ARISING FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit Before Tax and Exceptional Items</b>	<b>(197.48)</b>	<b>(673.14)</b>
Add Back:		
(a) Depreciation	<b>715.45</b>	660.42
(b) Interest	<b>574.34</b>	671.75
(c) Loss on Sale/Disposal of Assets	—	11.68
(d) Debit Balances Written Off	<b>64.53</b>	104.56
(e) Foreign Exchange Loss	—	34.92
(f) Provision for Doubtful Debts/Other Advances	<b>104.53</b>	(19.10)
(g) Leave Encashment Provision	<b>2.98</b>	0.86
(h) Difference in Translation Reserve	<b>(411.44)</b>	(36.90)
(i) Provision for Gratuity	<b>(8.16)</b>	(1.76)
	<b>1,042.23</b>	1,426.43
Deduct:		
(a) Income from Investments (Dividend)	<b>0.61</b>	0.62
(b) Surplus on Sale of Assets	<b>66.13</b>	1.56
(c) Unclaimed Credit Balances Appropriated	<b>91.61</b>	175.88
	<b>158.35</b>	178.06
<b>Operating Profit Before Working Capital Changes</b>	<b>686.40</b>	<b>575.23</b>
Deduct:		
(a) Increase in Inventories	<b>109.83</b>	—
(b) Increase in Trade Receivables & Advances	—	446.15
	<b>109.83</b>	446.15
Add:		
(a) Decrease in Inventories	—	1,107.73
(b) Decrease in Trade Receivables & Advances	<b>618.25</b>	—
(c) Increase in Trade and Other Payables	<b>1,028.39</b>	1,109.62
	<b>1,646.64</b>	2,217.35
	<b>2,223.21</b>	2,346.43
<b>Income Taxes Paid</b>	<b>122.93</b>	73.65
<b>Net Cash Inflow/(Outflow) from Operations (A)</b>	<b>2,100.28</b>	<b>2,272.78</b>
<b>II. CASH FLOW ARISING FROM INVESTING ACTIVITIES:</b>		
Inflow:		
(a) Sale of Fixed Assets	<b>85.00</b>	1,096.91
(b) Income from Investments (Dividend)	<b>0.61</b>	0.62
	<b>85.61</b>	1,097.53
Deduct:		
Outflow:		
(a) Acquisition of Fixed Assets	<b>390.87</b>	1,148.20
	<b>390.87</b>	1,148.20
<b>Net Cash Inflow/(Outflow) in Course of Investing Activities (B)</b>	<b>(305.26)</b>	<b>(50.67)</b>

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

₹ in Lacs

	Year Ended 31-Mar-14	Year Ended 31-Mar-13
<b>III. CASH FLOW ARISING FROM FINANCING ACTIVITIES:</b>		
Inflow :		
(a) Decrease in Bank Deposits	—	19.18
(b) Increase in Term Loan	—	73.78
(c) Increase in Unsecured Loan	<b>163.07</b>	<b>163.07</b>
		86.00
		178.96
Deduct :		
Outflow :		
(a) Increase in Bank Deposits	<b>18.49</b>	—
(b) Repayment of Term Loan	<b>569.58</b>	840.74
(c) Decrease in Working Capital Borrowings	<b>108.23</b>	494.41
(d) Decrease in Unsecured Loans	—	253.81
(e) Net interest Paid	<b>562.86</b>	<b>1,259.16</b>
		652.71
		2,241.67
<b>Net Cash Inflow/(Outflow) in Course of Financing Activities (C)</b>	<b>(1,096.09)</b>	<b>(2,062.71)</b>
<b>Net Increase/(Decrease) in Cash/Cash Equivalents (A+B+C)</b>	<b>698.93</b>	159.40
<b>Cash/Cash Equivalents at the beginning of the year</b>	<b>717.75</b>	558.35
<b>Cash/Cash Equivalents at the close of the year</b>	<b>1,416.68</b>	717.75
<b>Net Increase/(Decrease) in Cash/Cash Equivalents</b>	<b>698.93</b>	159.40

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  
Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

For and on Behalf of the Board of Directors

**NIRMAL BHOGILAL**  
Chairman & Managing Director

**GEORGE VERGHESE**  
Director

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

**PREMA CHANDRASEKHAR**  
Chief Financial Officer

**PUNEET KAPUR**  
Chief 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. 31<sup>st</sup> March, 2014.
- (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, Hong Kong, these Consolidated Financial Statements have been prepared substantially in the same format adopted by the 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 31<sup>st</sup> March, 2014 are as under:**

Sr. No.	Name of the Subsidiary	% of Ownership interest as on 31.03.2014	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 Private 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., China	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

- Revenue from sale of goods are recognized on transfer of all significant risks and rewards of ownership to the buyer.
- Service Income:- Income from annual maintenance services is recognized proportionately over the period of contract.
- 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

- 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.
- 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.
- In case of subsidiaries, Leasehold improvements are amortized over the remaining period of the primary lease or the useful life, whichever is earlier.
- 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

- 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.
- Depreciation on revalued assets is calculated on the replacement value at the rates considered applicable by the valuers and is charged to the 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. Capitalized costs are amortized using the straight-line basis over a three 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 capitalized 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 the 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 the 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 the Profit and 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 the 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 are 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 31<sup>ST</sup> MARCH, 2014**

₹ in Lacs

	<b>As at 31-Mar-14</b>	<b>As at 31-Mar-13</b>
<b>NOTE 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
4,61,70,400 (P.Y. 4,61,70,400) Equity Shares of ₹ 5/- each	<b>2,308.52</b>	2,308.52
6,92,480 (P.Y. 6,92,480) Preference Shares of ₹ 100/- each	<b>692.48</b>	692.48
	<b>3,001.00</b>	3,001.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
2,86,82,550 (P.Y. 2,86,82,550) Equity Shares of ₹ 5/- (P.Y. ₹ 5/-) each fully paid	<b>1,434.13</b>	1,434.13
6,92,480 (P.Y. 6,92,480) 5% — 5 Year Redeemable Non-Cumulative Preference Shares of ₹ 100/- each	<b>692.48</b>	692.48
	<b>2,126.61</b>	2,126.61

**Notes:****Equity Shares**

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

<b>Particulars</b>	<b>2013-14</b>	2012-13
Opening Number of Equity Shares	<b>2,86,82,550</b>	2,86,82,550
Add: Fresh Equity Shares issued during the year	<b>—</b>	—
Closing Number of Equity Shares	<b>2,86,82,550</b>	2,86,82,550

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

<b>Name of Shareholder</b>	<b>No. of Shares</b>	No. of Shares
Mr. Nirmal Bhogilal	<b>2,02,47,921</b>	2,02,48,844
% Shareholding	<b>70.59%</b>	70.60%

**Preference Shares**

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

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

<b>Particulars</b>	<b>2013-14</b>	2012-13
Opening Number of Preference Shares	<b>6,92,480</b>	6,92,480
Add: Fresh Preference Shares issued during the year	<b>—</b>	—
Closing Number of Preference Shares	<b>6,92,480</b>	6,92,480

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

<b>Name of Shareholder</b>	<b>No. of Shares</b>	No. of Shares
Mr. Pratap Bhogilal	<b>6,92,480</b>	6,92,480
% Shareholding	<b>100%</b>	100%

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

₹ in Lacs

	As at 31-Mar-14	As at 31-Mar-13	
<b>NOTE 2 : RESERVES AND SURPLUS</b>			
<b>Capital Reserves</b>			
As per last Balance Sheet	25.00	25.00	
<b>Capital Redemption Reserve</b>			
As per last Balance Sheet	160.60	125.60	
Add: Transferred from the Profit and Loss Account	—	35.00	160.60
<b>Revaluation Reserve</b>			
As per last Balance Sheet	100.11	99.60	
Less: Amount withdrawn on account of depreciation on revalued assets	1.86	2.06	
Add: Addition During the Year	18.15	2.57	100.11
<b>Securities Premium Reserve</b>			
As per last Balance Sheet	393.01	393.01	
<b>General Reserve</b>			
As per last Balance Sheet	1,224.39	1,224.39	
<b>Investment Allowance Reserve Utilised</b>			
As per last Balance Sheet	63.05	63.05	
<b>Foreign Currency Translation Reserve</b>			
As per last Balance Sheet	(281.33)	(244.44)	
Add: For the Current Year	123.78	(36.89)	(281.33)
	<u>1,824.90</u>	<u>1,684.83</u>	
<b>Surplus</b>			
Opening Balance in the Profit and Loss Account	2,284.53	2,075.52	
Add: Profit/Loss from the Profit and Loss Account	(287.29)	244.01	
Less: Transfer to Capital Redemption Reserve	—	35.00	2,284.53
Closing Balance in the Profit and Loss Account	<u>1,997.24</u>	<u>2,284.53</u>	
<b>TOTAL</b>	<u><b>3,822.14</b></u>	<u><b>3,969.36</b></u>	

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

₹ in Lacs

	<b>As at 31-Mar-14</b>	<b>As at 31-Mar-13</b>
<b>NOTE 3 : NON-CURRENT LIABILITIES</b>		
<b>Long Term Borrowings</b>		
<b>Secured Loans</b>		
FROM BANKS		
Rupee Term Loans	<b>112.99</b>	223.84
<b>Repayment Terms</b>		
Repayable in E.M.I of ₹ 13.87 lacs, maturing in January, 2016		
Car Loan (Secured by Hypothecation of Vehicle)	<b>6.88</b>	9.92
<b>Repayment Terms</b>		
Repayable in various EMIs by October, 2017		
Foreign Currency Term Loan	<b>655.01</b>	697.79
<b>Repayment Terms</b>		
Repayable in Yearly Instalments of Euro 28230.90 by October 2016 & Quaterly Instalments Euro 4787.56 by August, 2017.		
Promissory Note Payable	<b>318.42</b>	394.41
<b>Repayment Terms</b>		
Repayable after one year		
<b>Unsecured Loans</b>		
<b>Loans &amp; Advances from Related Parties</b>		
Loan from Director	<b>201.70</b>	101.70
<b>Repayment Terms</b>		
Repayable after one year		
Other Loans	<b>417.08</b>	354.01
<b>Repayment Terms</b>		
Repayable after one year		
	<b>1,712.08</b>	1,781.67
<b>Other Long Term Liabilities</b>		
Trade Payables	<b>402.20</b>	514.33
Advances and Deposits from Customers	<b>706.47</b>	603.45
Interest Accrued and Due on Loans	<b>95.42</b>	49.79
Employee Related and Other Liabilities	<b>453.23</b>	169.53
	<b>1,657.32</b>	1,337.10
<b>Long Term Provisions</b>		
Provision for Employee Benefits :		
Provision for Gratuity	<b>410.29</b>	456.22
Provision for Leave Encashment	<b>107.47</b>	117.82
Warranty Provision	<b>89.62</b>	114.72
	<b>607.38</b>	688.76

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

	₹ in Lacs	
	As at 31-Mar-14	As at 31-Mar-13
<b>NOTE 4 : CURRENT LIABILITIES</b>		
<b>Short Term Borrowings</b>		
<b>Secured</b>		
Loans repayable on demand		
From Banks		
Cash Credit and Working Capital Borrowings	1,960.66	2,053.37
<b>Unsecured</b>		
Inter Corporate Deposits	385.97	401.48
	<u>2,346.63</u>	<u>2,454.85</u>
<b>Trade Payables</b>		
Due to Micro, Small and Medium Enterprises	56.20	22.76
Others	5,527.00	4,957.32
	<u>5,583.20</u>	<u>4,980.08</u>
<b>Other Current Liabilities</b>		
Advances and Deposits from Customers	2,709.20	2,736.18
Unclaimed Dividend*	5.99	8.76
Current maturities of Long Term Loan:		
Rupee Term Loan	110.70	323.24
Foreign Currency Term Loan	34.96	159.94
Car Loan (Secured by Hypothecation of Vehicle)	6.91	6.30
Tax Liabilities Net of Advance Tax/TDS	29.07	—
Interest Accrued but Not Due on Loans	—	34.15
Statutory, Legal & Employee Related and Other Liabilities	1,105.09	1,047.70
	<u>4,001.92</u>	<u>4,316.27</u>
<b>Short Term Provisions</b>		
Provision for Employee Benefits:		
Provision for Gratuity	64.08	51.60
Provision for Leave Encashment	94.97	81.66
Warranty Provisions	199.60	117.81
	<u>358.65</u>	<u>251.07</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 31<sup>ST</sup> MARCH, 2014

NOTE 5 : FIXED ASSETS

₹ in Lacs

	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK		
	As at 1-Apr-13	Additions/ Adjustments	Deductions/ Adjustments	Exchange Difference	As at 31-Mar-14	Upto 31-Mar-13	For the Year	Deductions/ Adjustments**	Exchange Difference	Upto 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
<b>Tangible Assets</b>												
Land (Freehold)	2,063.05	—	—	20.77	2,083.82	—	—	—	—	—	2,083.82	2,063.05
Land (Leasehold)*	434.49	—	—	—	434.49	—	—	—	—	—	434.49	434.49
Buildings*												
On Freehold Land	1,434.53	13.86	3.89	—	1,444.50	592.36	36.21	1.05	—	627.52	816.98	842.17
On Leasehold Land	2,097.64	4.61	—	176.14	2,278.39	1,018.95	74.89	—	114.23	1,208.07	1,070.32	1,078.69
Plant & Machinery	6,999.82	45.17	13.62	20.14	7,051.51	4,946.52	174.54	6.55	8.31	5,122.82	1,928.69	2,053.30
Office Equipment/ Computers etc.	1,644.47	48.30	98.24	67.33	1,661.86	1,469.04	63.05	92.67	57.44	1,496.86	165.00	175.43
Furniture, Fixtures, Fans and Electrical Fittings	415.36	6.50	1.40	4.82	425.28	340.07	14.15	1.40	4.24	357.06	68.22	75.29
Vehicles	68.25	7.58	8.18	4.53	72.18	34.65	4.68	4.77	4.53	39.09	33.09	33.60
<b>Total Tangible Assets</b>	<b>15,157.61</b>	<b>126.02</b>	<b>125.33</b>	<b>293.73</b>	<b>15,452.03</b>	<b>8,401.59</b>	<b>367.52</b>	<b>106.44</b>	<b>188.75</b>	<b>8,851.42</b>	<b>6,600.61</b>	6,756.02
<b>Intangible Assets</b>												
Technical Know-how	3,636.39	106.15	120.45	150.92	3,773.01	1,862.04	347.93	120.45	110.25	2,199.77	1,573.24	1,774.35
<b>TOTAL</b>	<b>18,794.00</b>	<b>232.17</b>	<b>245.78</b>	<b>444.65</b>	<b>19,225.04</b>	<b>10,263.63</b>	<b>715.45</b>	<b>226.89</b>	<b>299.00</b>	<b>11,051.19</b>	<b>8,173.85</b>	8,530.37
(Previous Year)	(17,914.10)	(992.37)	(400.98)	(288.51)	(18,794.00)	(9,824.42)	(660.42)	(365.72)	(144.47)	(10,263.63)	(8,530.37)	(8,089.68)
<b>Capital Work-in-Progress</b>												
(Previous Year)											294.26	281.18
											(281.18)	(281.09)
<b>TOTAL</b>											8,468.11	8,811.55
(Previous Year)											(8,811.55)	(8,370.71)

\* 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 ₹ 1.85 Lacs being the depreciation on revalued assets drawn from Revaluation Reserve (SPM).



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

₹ in Lacs

	Numbers 31-Mar-14	Numbers 31-Mar-13	Face Value (Each ₹)	As at 31-Mar-14	As at 31-Mar-13
<b>NOTE 6 : NON-CURRENT INVESTMENTS</b>					
<b>TRADE INVESTMENTS</b>					
<b>Investment in Equity Instruments:</b>					
In fully paid Equity Shares (Unquoted):					
Batliboi Environmental Engineering Ltd.	1,908,930	1,908,930	10.00	191.21	191.21
<b>NON-TRADE INVESTMENTS</b>					
<b>Investment in Equity Instruments:</b>					
In fully paid Equity Shares (Quoted):					
Aturia Continental Ltd.	129,032	129,032	10.00	40.00	40.00
The Mysore Kirloskar Ltd.	200,277	200,277	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
The Shamrao Vitthal Co.-op. Bank Ltd.	20,000	20,000	25.00	5.00	5.00
SUB-TOTAL				5.27	5.27
<b>Investment in Preference Instruments:</b>					
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
<b>TOTAL</b>				246.54	246.54
Less: Provision for Diminution in Value of Investments				49.55	49.55
<b>GRAND TOTAL</b>				196.99	196.99
<b>Aggregate Value of Quoted Investments</b>				50.06	50.06
Less: Provision for Diminution in Value of Investments				49.55	49.55
<b>Net Value of Quoted Investments</b>				0.51	0.51
<b>Market Value of Quoted Investments</b>				—	—
<b>Aggregate Value of Un-Quoted Investments</b>				196.48	196.48

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

₹ in Lacs

	As at 31-Mar-14	As at 31-Mar-13
<b>NOTE 7 : LONG TERM LOANS &amp; ADVANCES AND OTHER NON-CURRENT ASSETS</b>		
<b>Long Term Loans &amp; Advances</b>		
Unsecured Considered Good Unless Specified Otherwise		
Capital Advances	0.47	1.00
Security & Other Deposits	73.11	91.16
Considered Doubtful	16.79	16.79
Less : Provision for Doubtful Deposits	16.79	—
SUB TOTAL	73.11	91.16
Other Loans & Advances		
Staff Loans	10.74	10.29
Advances recoverable in cash or in kind or for value to be received	110.18	121.07
SUB TOTAL	120.92	131.36
MAT Credit Available for set off	123.32	86.80
	<b>317.82</b>	<b>310.32</b>
<b>Other Non-Current Assets</b>		
<b>Long Term Trade Receivables</b>		
Unsecured		
Debts Outstanding Considered Good	319.84	280.58
Considered Doubtful	383.26	347.42
Less: Provision for Doubtful Debts	383.26	347.42
	<b>319.84</b>	<b>280.58</b>

# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

₹ in Lacs

	As at 31-Mar-14	As at 31-Mar-13
<b>NOTE 8 : CURRENT ASSETS</b>		
<b>Current Investments</b>		
Investments in Mutual Funds	10.63	7.82
	<u>10.63</u>	<u>7.82</u>
<b>Inventories</b> (Valued at Lower of Cost or Net Realisable Value)		
Raw Materials	2,194.50	2,124.36
Work-in-Progress	1,957.52	1,917.91
Stock of Machines (including own manufactured)	32.11	45.54
Stores and Spare Parts	17.72	9.51
Loose Tools	12.13	6.86
	<u>4,213.98</u>	<u>4,104.18</u>
<b>Trade Receivables</b>		
Unsecured		
Debts outstanding for a period exceeding six months Considered Good	2,549.98	2,087.43
Debts outstanding for a period less than six months Considered Good	2,368.13	3,390.87
	<u>4,918.11</u>	<u>5,478.30</u>
<b>Cash and Bank Balances</b>		
<u>Cash and Cash Equivalents :</u>		
Cash and Cheques on hand and at collection centres	22.02	4.42
<u>Balances with Scheduled Banks :</u>		
In Current Account	1,388.67	704.57
	<u>1,410.69</u>	<u>708.99</u>
<u>Other Bank Balances :</u>		
Balances with Banks for Unpaid Dividends	5.99	8.76
Fixed Deposits with Banks having maturity of more than 3 months but less than 1 year (towards Margin on Guarantees/LC's (Deposit receipts pledged with the Banks))	141.02	122.53
	<u>1,557.70</u>	<u>840.28</u>
<b>Short Terms Loans and Advances</b>		
Unsecured Considered Good Unless Specified Otherwise :		
Advances recoverable in cash or in kind or for value	332.45	574.81
Staff Loans	11.06	12.62
Deposit	38.31	51.19
Balances with Excise, Sales Tax and Service Tax	147.08	125.71
Taxes paid in advance and deducted at source (Net of Provision for Tax)	—	41.30
	<u>528.90</u>	<u>805.63</u>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

₹ in Lacs

	2013-14		2012-13	
<b>NOTE 9 : REVENUE FROM OPERATIONS</b>				
Sale of Products	26,030.94		26,234.89	
Sale of Services	1,270.16		1,164.68	
Other Operating Revenue	356.72	27,657.82	356.25	27,755.82
Less : Excise Duty		954.87		1,027.18
		26,702.95		26,728.64
<b>NOTE 10 : OTHER INCOME</b>				
Dividend		0.61		0.62
Exchange Difference Gains		346.20		—
Profit on Sale of Fixed Assets		66.13		1.56
Excess Provision of Earlier Years Written Back		—		6.92
Unclaimed Credit Balances Written Back		91.61		168.96
Interest		14.96		19.04
Surrender of Tenancy Rights		—		130.00
Miscellaneous Receipts		35.42		43.48
		554.93		370.58
<b>NOTE 11 : COST OF MATERIALS CONSUMED</b>				
Raw Materials Consumed	13,174.25		12,602.93	
Less: Self Consumption for Job Contracts	1.09	13,173.16	5.16	12,597.77
Cost of Job Contracts (includes self consumption)		349.38		385.26
Cost of Services Rendered		36.04		49.43
Job Work Charges Incurred		186.45		156.31
		13,745.03		13,188.77
<b>NOTE 11 : PURCHASE OF STOCK-IN-TRADE</b>				
Purchase of Stock-in-Trade		1,367.19		1,582.98
		1,367.19		1,582.98
<b>NOTE 11 : CHANGE IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS &amp; STOCK-IN-TRADE</b>				
Stock at Close:				
Work-in-Progress	1,957.52		1,917.91	
Stock of Machines and Own Manufactured Machines (Including Excise Duty)	32.11	1,989.63	45.54	1,963.45
Less:				
Stock at Commencement :				
Work-in-Progress	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
		(26.18)		351.83

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

₹ in Lacs

	2013-14	2012-13
<b>NOTE 12 : EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages, Allowances and Bonus	4,962.74	4,741.71
Contribution to Provident and Other Funds	473.93	477.53
Payments & Provision for Gratuity	49.19	73.51
Staff Welfare Expenses	193.03	190.41
	<u>5,678.89</u>	<u>5,483.16</u>
<b>NOTE 13 : FINANCE COST</b>		
Interest Expenses	569.22	671.75
Other Borrowing cost	161.39	185.90
Applicable Loss on Foreign Currency Transaction and Translation	5.12	35.71
	<u>735.73</u>	<u>893.36</u>
<b>NOTE 14 : OTHER EXPENSES</b>		
Rent	279.34	257.57
Rates and Taxes	121.87	100.51
Power and Fuel	199.04	258.86
Insurance	104.36	103.95
Sales Commission	509.87	677.42
Exhibitions/Advertisement Expenses	98.73	148.64
Printing and Stationery	46.95	43.92
Travelling and Conveyance	683.85	773.84
Audit, Legal and Professional Charges	302.72	359.05
Vehicle Maintenance	85.23	78.34
Packing and Cartage	738.13	654.20
Stores & Loose Tools Consumed	286.15	307.66
Repairs to Machinery	64.73	78.53
Repairs to Buildings	52.04	53.19
Repairs to Other Assets	60.52	53.83
Outsourced Services	666.12	672.88
Discounts and Allowances to Customers	14.50	22.22
Directors' Sitting Fees	30.41	25.58
Donation	1.48	0.60
Loss on Sale/Assets Written Off	—	11.68
Bad Debts	64.53	104.56
Provision for Doubtful Debts/Advances	104.53	(19.10)
Exchange Differences Loss	—	34.92
Miscellaneous Expenses	724.15	808.99
	<u>5,239.25</u>	<u>5,611.84</u>
<b>NOTE 15 : EXCEPTIONAL ITEMS</b>		
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)/Expense	<u>—</u>	<u>(1,011.61)</u>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**
**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 ₹ 121.56 Lacs (Previous Year ₹ 481.54 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 ₹ 175.26 Lacs (Previous Year ₹ 166 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 the following 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) *Others*, which covers remaining business i.e. air conditioning equipments, agro-industrial products (e.g. pumps/motors) etc.

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

₹ in Lacs

	Machine Tools Group		Textile Engineering Group		Others & Un-Allocated		Total Company	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Segment Revenue</b>								
Total Segment Revenue	13,179.53	13,550.49	13,231.60	12,829.07	291.82	349.08	26,702.95	26,728.64
Segment Revenue from external customers	13,179.53	13,550.49	13,231.60	12,829.07	291.82	349.08	26,702.95	26,728.64
<b>Segment Results</b>								
Profit/(Loss) before Interest & Tax	(694.08)	(613.35)	625.55	348.67	606.78	1,496.52	538.24	1,231.82
(Less): Finance Cost	—	—	—	—	(735.73)	(893.36)	(735.73)	(893.36)
Total Profit/(Loss) before Tax	(694.08)	(613.35)	625.55	348.67	(128.95)	603.16	(197.49)	338.46
Less: Tax Expenses	—	—	—	—	89.81	94.46	89.80	94.46
Total Profit/(Loss) after Tax	(694.08)	(613.35)	625.55	348.67	(218.76)	508.70	(287.29)	244.01
<b>Segment wise Capital Employed</b>	5,964.73	6,632.70	(257.72)	(201.24)	3,098.24	3,222.12	8,805.25	9,653.58
<b>(Segment Assets Less Segment Liabilities)</b>								
Segment Assets	9,844.33	10,769.29	6,110.27	5,068.23	6,298.73	6,167.81	22,253.31	22,005.33
Segment Liabilities	3,879.60	4,136.59	6,367.99	5,269.47	3,200.49	2,945.69	13,448.08	12,351.75
Capital Expenditure	—	—	—	—	294.26	281.18	294.26	281.18
Depreciation	536.10	477.91	90.16	83.24	89.19	99.27	715.45	660.42
Non cash expenses other than Depreciation	—	—	—	—	—	—	—	—

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

### NOTE 16 : (Contd.)

#### (ii) Secondary Segment Reporting

The geographic segments considered for disclosure are as follows:

₹ in Lacs

	2013-14			2012-13		
	Indian Operations	Foreign Operations	Total	Indian Operations	Foreign Operations	Total
Revenue by Geographic Market	14,363.19	12,339.76	26,702.96	14,105.28	12,623.36	26,728.64
Addition to Fixed Assets and Intangible Assets	75.86	156.31	232.17	423.82	568.55	992.37
Carrying Amount of Segment Assets	15,350.32	6,902.99	22,253.31	15,236.16	6,769.17	22,005.33

#### 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).

##### (a) Transactions & Outstanding Balances:

₹ in Lacs

Particulars		Entities		Key Management Personnel & their Relatives	
		2013-14	2012-13	2013-14	2012-13
<b>I. Transactions</b>					
Purchase of goods/materials/services/fixed assets/investments		711.98	921.17	—	—
Sale of goods/materials/services/fixed assets/investments/recovery of expenses		945.58	1,011.05	—	—
Rent/License Fee Received		1.85	(7.15)	(12.69)	5.40
Interest Paid/(Received)		(4.21)	17.25	43.41	45.82
Loans & Advances in cash or kind Received/(Refunded)		(96.70)	(29.07)	322.00	(131.30)
Loans & Advances in cash or kind given/(Refunded)		(207.00)	—	—	—
Gross Salary/Remuneration		—	—	145.70	117.19
<b>II. Outstanding Balances as at 31.03.14, i.r.o:</b>					
Loans & Advances Received		89.00	115.99	570.09	223.70
Loans & Advances – Given		—	—	—	—
Other receivable (for goods, services & other items)		676.05	1,082.89	—	—
Other payables (for goods, services & other items)		277.05	237.85	—	—

##### (b) Disclosure in respect of material transaction with related parties:

₹ in Lacs

		2013-14	2012-13
(i)	<b>Purchase of goods/materials/services/fixed assets/investments/ payment of expenses</b>		
	Batliboi Environmental Engineering Ltd.	200.16	347.98
	Batliboi International Ltd.	225.90	310.99
	Batliboi Impex Ltd.	206.27	158.95
	Spartan Electricals	79.65	103.25

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**
**NOTE 16 : (Contd.)**

(b) Disclosure in respect of material transaction with related parties

₹ in Lacs

		2013-14	2012-13
(ii)	<b>Sale of goods/material/services/fixed assets/investments/recovery of expenses</b>		
	Batliboi Environmental Engineering Ltd.	410.03	510.26
	Batliboi International Ltd.	445.16	392.51
	Batliboi Enxco Pvt Ltd.	58.45	59.09
	Spartan Electricals	1.46	18.34
	Batliboi Impex Ltd.	30.48	30.85
(iii)	<b>Rent/Licence Fee Received/(Paid)</b>		
	Batliboi Environmental Engineering Ltd.	11.47	—
	Batliboi International Ltd.	(9.09)	(7.15)
	Batliboi Impex Ltd.	(0.53)	—
	Nirmal Bhogilal	(11.40)	(5.40)
	Kabir Bhogilal	(1.29)	—
(iv)	<b>Interest Paid/(Received)</b>		
	Batliboi Environmental Engineering Ltd.	(15.84)	(36.42)
	Batliboi International Ltd.	9.66	11.99
	Batliboi Impex Ltd.	1.97	5.04
	Pratap Bhogilal	13.67	22.36
	Nirmal Bhogilal	14.49	11.33
	Kabir Bhogilal	2.50	0.75
	Sheela Bhogilal	5.88	5.88
	Maya Bhogilal	6.88	5.48
	Sustime Pharma Ltd.	—	0.22
(v)	<b>Loans &amp; Advances in Cash or Kind Received/(Refunded)</b>		
	Batliboi International Ltd.	28.00	—
	Batliboi Impex Ltd.	(24.70)	(13.53)
	Pratap Bhogilal	222.00	(185.00)
	Nirmal Bhogilal	100.00	18.70
	Kabir Bhogilal	—	20.00
	Maya Bhogilal	—	15.00
	Batliboi Enxco Pvt. Ltd.	(100.00)	100.00
	Batliboi Environmental Engineering Ltd.	(207.00)	207.00
(vi)	<b>Gross Salary/Remuneration Paid</b>		
	Nirmal Bhogilal	119.57	94.79
	Kabir Bhogilal	26.13	22.40

**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:

<b>Workings of EPS</b>		2013-14	2012-13
A.	Profit/(Loss) after tax		
	Net Profit/(Loss) available for Equity Shareholders : ₹ Lacs	(287.29)	244.01
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: ₹	(1.00)	0.85



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

## NOTE 16 : (Contd.)

### 6. Taxes on Income:

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

₹ in Lacs

	31.03.2014	31.03.2013
i. Deferred Tax Assets:		
Unabsorbed Business loss/Unabsorbed Depreciation	332.00	349.84
Provision for Doubtful Debts, Advances, Diminution in Value of Investments and Employee Benefits	140.00	85.07
ii. Deferred Tax Liabilities:		
Depreciation on Fixed Assets	509.38	534.47
iii. Net Deferred Tax Assets/(Liabilities)	(37.38)	(99.56)

7. A. The Company (holding company) has incurred operating losses during the year mainly due to under performance of one of its division. Although, the said division has healthy order book position, it has not been able to execute the orders on time due to stretched working capital owing to overall slowdown in the economy affecting the investment by private parties in the capital intensive sector to which the said division caters to. The Company has taken steps to improve the working capital situation and timely execution of the orders by the said division.
- The Company is also intending to dispose of an immovable property of the Company in order to mitigate the losses incurred during the current year and to improve the liquidity position.
- B. 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 the sizeable order books and cash flow projections of the subsidiary, there is no impairment in the value of the goodwill on consolidation.
- 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.
8. Pursuant to the resolution passed in the extra ordinary general meeting in the year 2011-12, the Company has reserved 2868255 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, 1100000 options have been granted till 31st March, 2014. 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 confirm 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

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

For and on Behalf of the Board of Directors

**NIRMAL BHOGILAL**  
Chairman & Managing Director

**GEORGE VERGHESE**  
Director

Place : Mumbai  
Dated : 23<sup>rd</sup> May, 2014

**PREMA CHANDRASEKHAR**  
Chief Financial Officer

**PUNEET KAPUR**  
Chief Corporate Counsel &  
Company Secretary

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED ON 31ST MARCH, 2014

₹ In Lacs

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in Subsidiaries	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
1	Queen Project (Mauritius) Ltd.	MUR	2.01	3,073.53	(96.41)	3,118.44	3,118.44	—	—	0.64	—	0.64	—	Mauritius
2	Vanderma Holdings Ltd.	CAD	53.97	2.81	2,831.85	3,130.92	3,130.92	—	—	(15.33)	—	(15.33)	—	Cyprus
3	Pilatus View Holdings AG	CHF	67.01	2,420.07	10.22	2,451.31	2,451.31	—	—	(36.60)	0.34	(36.93)	—	Switzerland
4	Quickmill Inc.	CAD	53.97	1,663.67	2,334.67	5,954.69	5,954.69	—	6,888.09	518.95	150.74	368.21	—	Canada
5	Aesa Air Engineering S. A.	EUR	81.71	478.00	(907.89)	3,862.62	3,862.62	10.63	5,951.45	11.70	—	11.70	—	France
6	Aesa Air Engineering S.P.A.	EUR	81.71	81.71	131.81	339.13	339.13	—	—	62.11	3.62	58.49	—	Italy
7	Aesa Air Engineering PTE Limited	SGD	47.15	47.15	104.85	175.43	175.43	—	—	12.91	0.21	12.70	—	Singapore
8	Aesa Air Engineering Limited	HKD	7.68	0.77	(2.07)	8.11	8.11	—	—	(4.15)	—	(4.15)	—	Hongkong
9	Aesa Air Engineering Limited	RMB	9.69	103.28	(660.29)	503.06	503.06	—	1,343.61	(73.87)	—	(73.87)	—	China
10	Aesa Air Engineering Private Limited	INR	1.00	20.00	63.53	858.16	858.16	0.60	1,368.55	2.91	(5.85)	8.76	—	India
11	760 Rye Street Inc.	CAD	53.97	—	64.88	667.24	667.24	—	—	30.00	7.95	22.06	—	Canada



## BATLIBOI LTD.

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

CIN L52320MH1941PLC003494

Dear Member,

The Ministry of Corporate Affairs ("MCA") vide its Circulars dated 21<sup>st</sup> April, 2011 and 29<sup>th</sup> April, 2011 has taken "Green Initiative in the Corporate Governance", thereby allowing companies to serve various communications/documents (including Notice of General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report and all other documents including Postal Ballot documents) through electronic mode to its those Members who have registered their e-mail address for the purpose.

The Company appreciates the "Green Initiative" taken by MCA as this will reduce paper consumption to a great extent and allow public at large to contribute towards Greener Environment.

Accordingly, henceforth, we propose to send all communications / documents, through e-mail, to those Members who have registered their e-mail address with the Company. Please note that all such communications / documents shall be available on the Company's website [www.batliboi.com](http://www.batliboi.com) for download by the Members. If the Members still wish to receive physical copies of these communications / documents, the Company undertakes to provide the same.

As a responsible citizen, we trust that you would support and co-operate in implementing this initiative by submitting your e-mail address to the Company in the interest of the environment. You are requested to please fill the details in the format provided on our website or in the box given below for the registration of the e-mail address.

To,  
M/s Datamatics Financial Services Limited,  
Plot no. B-5, Part B, Cross Lane,  
MIDC, Marol, Andheri (East),  
Mumbai – 400 093

### Batliboi Limited : Registration of E-mail ID

Name : .....

Address : .....

No. of shares : .....

E- mail ID : .....

Folio No./DP ID & Client ID Nos.: .....

Place :

Signature

Date :

In case of any updations/changes in your e-mail address, you are requested to promptly update the same with your DP, if your holding is in demat form. Shareholders holding shares in physical form shall have to send their updations/changes to RTA, M/s Datamatics Financial Services Limited, through email to [investorsqry@dfssl.com](mailto:investorsqry@dfssl.com), [greeninitiative@batliboi.com](mailto:greeninitiative@batliboi.com)

We are sure that you will appreciate the "Green Initiative" taken by your Company and hope that you will enthusiastically participate in the effort.

[illegible]

# BATLIBOI LTD.

Registered Office: Bharat House, 5<sup>th</sup> Floor, 104, B. S. Marg, Fort, Mumbai - 400 001.  
CIN L52320MH1941PLC003494



## 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 70<sup>th</sup> Annual General Meeting of the Company at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6<sup>th</sup> Floor, 12 K Dubash Marg, Fort, Mumbai 400 001 on Friday, the 1<sup>st</sup> day of August, 2014 at 2.30 p.m.

.....  
Signature of Member / Proxy

# BATLIBOI LTD.

Registered Office: Bharat House, 5<sup>th</sup> Floor, 104, B. S. Marg, Fort, Mumbai - 400 001.  
CIN L52320MH1941PLC003494



## PROXY FORM

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 70<sup>th</sup> Annual General Meeting of the Company at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6<sup>th</sup> Floor, 12 K Dubash Marg, Fort, Mumbai 400 001 on Friday, the 1<sup>st</sup> day of August, 2014 at 2.30 p.m. and at any adjournment thereof.

Signed this ..... day of ..... 2014.

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

One Rupee  
Revenue  
Stamp

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





[www.batliboi.com](http://www.batliboi.com)

## Our Network

### Corporate Office:

- Batliboi Ltd.  
Bharat House, 5th Floor  
104, Bombay Samachar Marg  
Fort, Mumbai – 400 001  
Tel : +91 22 6637 8200  
Fax : +91 22 2267 5601  
E-mail : [info@batliboi.com](mailto:info@batliboi.com)

### Manufacturing facilities:

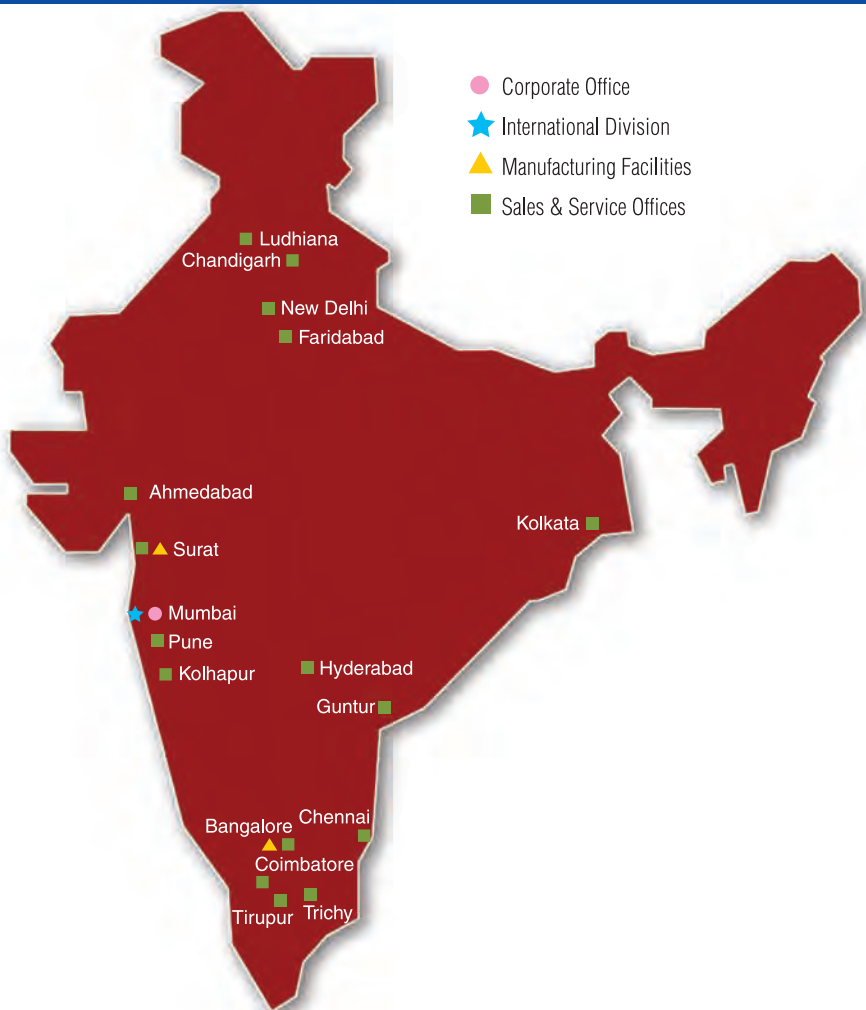
- Surat Navsari Road  
Udhna – 394 220, Surat  
Tel : +91 261 289 0551, 289 0435  
Fax : +91 261 289 0832  
E-mail : [mtusales.udh@batliboi.com](mailto:mtusales.udh@batliboi.com)
- Plot No. 24, III Main, Veerasandra Industrial Area  
Hosur Road, Bangalore – 560 100  
Tel : +91 80 2783 3216, 2783 4203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

### Subsidiaries:

- Quickmill Inc  
760, Rye Street, Peterborough  
Ontario – K9J 6W9, Canada  
Tel : 1-705-745-2961  
Fax : 1-705-745-8130  
E-mail : [info@quickmill.com](mailto:info@quickmill.com)
- AESA Air Engineering, SA  
78, Faubourg des Vosges  
68804, THANN Cedex, France  
Tel : 33 389 383434  
Fax : 33 389 379706  
E-mail : [aesa.fr@aesa-ae.com](mailto:aesa.fr@aesa-ae.com)

### Subsidiaries of AESA

- China • India • Italy
- Singapore • Hong Kong



Book-Post



**Batliboi Ltd.**

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

Phone : +91 22 6637 8200  
Fax : +91 22 2267 5601  
E-mail : [info@batliboi.com](mailto:info@batliboi.com)  
Website: [www.batliboi.com](http://www.batliboi.com)

Design: Graphic Communication Concepts  
Digital Production: Point-n-Pixel  
Printed by: Vakils



AnnexureFORM A

1	Name of the company	Batliboi Limited
2	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not Applicable
5	Signed by-  ➤ Prema Chandrasekhar - CFO  ➤ V. Sankar Aiyar & Co. - Auditor of the company  ➤ E. A Kshirsagar - Audit Committee Chairman	