Batliboi Ltd.

68th Annual Report
2011-2012

Our Manufacturing Facilities

At Surat

At Bangalore

At Peterborough, Canada

Corporate Information

Mr. Pratap Bhogilal	Chairman Emeritus

BOARD OF DIRECTORS

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

CORPORATE MANAGEMENT

Mr. Nirmal Bhogilal	Chairman & Managing Director
Mr. Daniel Vaz	C. E. O. Textile Air Engineering Group
Mr. Edwyn Rodrigues	C. E. O. Textile Machinery Group
Mr. Pradeep Pradhan	C. E. O. Air Conditioning & Refrigeration Group
Mr. Sanjiv Joshi	C. E. O. Environmental Engineering Group
Mr. Vineet Goel	Chief Financial Officer
Mr. Gaurang Shah	Chief Corporate Counsel & Company Secretary
Mr. Ashok Joshi	Chief Human Resource Officer

REGISTERED & CORPORATE OFFICE	Bharat House, 5th Floor, 104, Bombay Samachar Marg, Fort, Mumbai - 400 001. INDIA.
FACTORY	(i) P. O. Fateh Nagar, Surat Navsari Road, Udhna-394 220. (ii) Veerasandra Industrial Area Hosur Road, Bangalore-560100.
AUDITORS	M/s. V. Sankar Aiyar & Co. Chartered Accountants
REGISTRAR & SHARE 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 Royal Bank of Scotland INDUSIND Bank Ltd. Barclays Bank PLC The Shamrao Vithal Co-op. Bank Ltd.

Contents

NOTICE

NOTICE is hereby given that the Sixty-Eighth Annual General Meeting of BATLIBOI Limited, will be held on Monday, 30th day of July, 2012 at 2.30 p.m. at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K Dubash Marg, Fort, Mumbai - 400 001 to transact the following business:—

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2012, the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.

2. To appoint a director in place of Mr. Vijay R. Kirloskar, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. George Verghese, who retires by rotation and being eligible, offers himself for re-appointment.

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

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

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

SPECIAL BUSINESS:

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

   "**RESOLVED THAT** in conformity with Article No. 146 of the Articles of Association of the Company, Clause 49 of the Listing Agreement entered with Stock Exchanges and Clause (b) of sub-section (4) of Section 309 of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to the payment of commission @ not exceeding 1% (one percent) of the Net profits of the Company to the Directors of the Company not being Managing/Whole-time Director(s) (to be divided amongst the Directors in such manner as the Board may determine) during each or any of the of five financial years commencing from the Financial Year 2011-2012 extending upto and including the Financial Year 2016-2017;

   RESOLVED FURTHER THAT Mr. Gaurang Shah, Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the resolution."

By Order of the Board of Directors,

Sd/-
GAURANG SHAH
Chief Corporate Counsel & Company Secretary

Mumbai,
May 23, 2012

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business set out in item No. 5 of the Notice is annexed hereto.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 23rd July, 2012 to Monday, 30th July, 2012 (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. 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.

6. Members are hereby informed that Dividend which remains unclaimed/un-encashed over a period of 7 years has to be transferred as per the provisions of the Companies Act, 1956 by the Company to "The Investor Education & Protection Fund" constituted by the Central Government under Section 205 C of the Companies Act, 1956.

   Hereunder are the details of dividends paid by the Company and their respective due 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
19th July, 2006	2005-2006	August 2013
28th July, 2007	2006-2007	August 2014
30th Sept, 2008	2007-2008	October 2015

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

7. The relevant details of the Directors seeking re-appointment as required under clause of 49 of the Listing Agreement are given in the Corporate Governance Report.

8. In pursuance of Government of India's Green Initiative to save paper, the Company has sent the notice & the Annual Report in soft form to those members whose e-mail addresses are registered & have opted to receive the same in soft 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 & cost of printing & dispatch.

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

Item No. 5

On the recommendation of the Remuneration Committee at its Meeting held on 23rd January, 2012 and as confirmed by the Board Resolution dated 23rd May, 2012 it is proposed that in conformity with Article No. 146 of the Articles of Association of the Company, Clause 49 of the Listing Agreement entered with Stock Exchanges, and Clause (b) of sub-section (4) of Section 309 of the Companies Act, 1956, and subject to the approval of members, to pay to the Directors of the Company not being Managing/ Whole-time Director(s), commission @ not exceeding one percent of the Net profits of the Company in each or any Financial Year over a period of five years commencing from the Financial Year 2011-2012 extending upto and including the Financial Year 2016-2017.

None of the Directors, except the Non-Executive Directors, are in any way, concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

By Order of the Board of Directors,

Sd/-
GAURANG SHAH
Chief Corporate Counsel & Company Secretary

Mumbai,
May 23, 2012

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

DIRECTORS' REPORT

Dear Members,

Your Directors submit 68th Annual Report together with Audited Accounts for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

(₹ in lakhs)

	For the Year ended			
	31.03.2012	31.03.2011	**31.03.2012**	31.03.2011
	Standalone	Standalone	**Consolidated**	Consolidated
Gross Turnover (Including Indirect Sales)	**32,137.60**	**26,673.32**	**44,219.69**	**37,175.64**
Total Income	**13,132.22**	**13,145.46**	**25,315.98**	**23,766.39**
PBDIT	**697.40**	**1,156.89**	**1,269.58**	**1,387.07**
Less: Interest	472.35	540.42	588.92	649.01
Less: Depreciation	154.47	155.90	631.43	611.11
Profit Before Tax & Exceptional Items	**70.58**	**460.56**	**49.23**	**126.95**
Exceptional items: (Income)/expenses	—	(80.99)	—	(80.99)
PBT	**70.58**	**541.54**	**49.23**	**207.93**
Provision for Taxation: Current Tax	16.00	115.80	75.22	22.27
Deferred Tax	38.00	(21.03)	42.83	(3.10)
Mat credit available for set off	(16.00)	(57.80)	(16.00)	(57.80)
Tax Adjustments in respect of earlier years	—	(26.22)	—	(26.22)
PAT	**32.58**	**530.80**	**(52.81)**	**272.78**

2. DIVIDEND

Due to insufficient profits, your Directors do not recommend any dividend for the year ended 31st March, 2012.

3. REVIEW OF OPERATIONS AND OUTLOOK

The year under review witnessed subdued industrial production and consequential lower demand for the capital goods and other industrial products. As a result, the Machine Tool Industry witnessed fall in demand after a buoyant previous year. The Textile Industry also showed sluggish growth due to erratic raw material price movement and its resultant impact on the yarn production. Trading division however, did well riding on surge in demand from overseas customers.

On standalone basis, the gross turnover including indirect sales grew by more than 20% over the previous year. Revenue from operations was lower at ₹ 123.87 crores as against ₹ 127.46 crores for the previous year. The operations resulted in reduced profit before exceptional items and tax of ₹ 70.58 lacs as against ₹ 460.56 lacs in the previous year, mainly due to increased cost and overheads.

The performance of foreign subsidiaries showed mixed results as Quickmill Inc. posted impressive results on the strength of sustained demand from various sectors in American continent whereas AESA SA continued to face unsteady times due to slower than expected recovery in Europe and Middle East. The consolidated turnover was up by more than 6%. However, due to higher cost and squeezed margins, the operations resulted in a post tax loss of ₹ 52 lacs as against profit of ₹ 272 lacs in the previous year.

The Company has a healthy order book and reasonable level of enquiries. This coupled with various initiatives such as launching of new products and concerted R&D activities would be the key drivers for the growth in the current year. However, continued lower industrial production and difficult economic environment poses the challenges for the year ahead.

4. SUBSIDIARIES

(i) Quickmill Inc.

Quickmill Inc. head quartered in Canada is engaged in making of large gantry drilling and milling machines and caters mainly to the energy and heavy equipments manufacturing sectors. The year under review has been encouraging as the operations returned to normally riding on the recovery in the American markets. The Company successfully launched its new line of machining centre and will be the thrust area in the current year.

With the modest recovery in the North American market, increased presence in India and other growing economies and continued focus on cost reduction, the outlook for the year ahead is positive.

(ii) **AESA Air Engineering**

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

After a recovery in the previous year, the performance during the year under review was unsatisfactory. This was due to slower than expected recovery in Europe and Middle East and other major markets where the Company is operating, coupled with pressure on margins due to unrelenting competition.

The Company has taken various measures such as restructuring of operations in France, China, Singapore and India and intensifying R&D efforts, the results of which will be seen in the current year. The Company is also focusing on its spare parts and service business to augment revenues.

5. EMPLOYEE STOCK OPTION SCHEME

Pursuant to the resolutions passed by the members at the Extra Ordinary General Meeting held on 13th December, 2011, your Company has formulated and introduced Employees Stock Option Plan (ESOP) with a view to encourage the employees to participate in the growth of the Company. Out of 28,68,255 reserved under the ESOS, the Remuneration Committee granted 10,00,000 options as a first tranche to the eligible employees, during the year under review. Each option would entitle the Option holder to acquire one equity share of the Company upon vesting. These options will vest in three equal annual installments after three, four and five years of grant.

Disclosures as required under the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme), Guidelines, 1999 are annexed to this Report.

6. DELISTING OF SHARES FROM THE NSE

With a view to reduce administrative work and overheads, it was thought prudent to remain listed only with one Stock Exchange having nationwide terminals. Accordingly, after taking Board approval, the Company had made an application for Delisting its Shares from National Stock Exchange of India Limited (NSE) under Regulation 6 & 7 of SEBI (Delisting of equity Shares) Regulations, 2009. The same has been approved by NSE and the equity shares have been delisted from the NSE vide circular no. NSE/CML/20957 dated 7th June, 2012. The Company's Shares will continue to remain listed on the Bombay Stock Exchange Limited.

7. 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 8th February, 2011 issued by the Ministry of Corporate Affairs granting exemption to the companies under section 212 of the Companies Act, 1956, the Balance Sheet, Profit & Loss Account, Report of Board of Directors and Auditors of Subsidiary Companies have not been attached with the Balance Sheet of the Company. The annual accounts of these subsidiaries and the related detailed information will be made available to any Member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any Member of the Company/its subsidiaries at the Corporate Office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the head offices of the respective subsidiaries.

8. FIXED DEPOSITS

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

9. DIRECTORS

Mr. Vijay R. Kirloskar and Mr. George Verghese retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Your Directors recommend their re-appointment. Brief resume of the Directors proposed to be re-appointed as required under Clause 49 of the Listing Agreement are provided in the Corporate Governance Report forming part of this Annual report.

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

10. 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.

11. 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.

12. AUDITORS

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

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

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there are no material departures;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review;

(iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;

(iv) they have prepared the Annual Accounts on a Going Concern basis.

14. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORBTION, FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

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.

15. 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.

16. ACKNOWLEDGEMENTS

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

By Order of the Board of Directors,

Sd/-
NIRMAL BHOGILAL
CHAIRMAN & MANAGING DIRECTOR

Mumbai,
May 23, 2012

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

<table>
<tr><th>PARTICULARS</th><th colspan="2">ESOS-2012</th></tr>
<tr><td>(a) Options granted</td><td colspan="2">10,00,000</td></tr>
<tr><td>(b) The pricing formula</td><td colspan="2">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 i.e. on 23rd January, 2012.
Exercise price – ₹ 15.75</td></tr>
<tr><td>(c) Options vested</td><td colspan="2">NIL</td></tr>
<tr><td>(d) Options exercised</td><td colspan="2">NIL</td></tr>
<tr><td>(e) The total number of shares arising as a result of exercise of options</td><td colspan="2">Each Option would entitle the Holder to subscribe One Equity Share in the Company.</td></tr>
<tr><td>(f) Options lapsed</td><td colspan="2">NIL</td></tr>
<tr><td>(g) Variation of terms of options</td><td colspan="2">NA</td></tr>
<tr><td>(h) Money realized by exercise of options</td><td colspan="2">NIL</td></tr>
<tr><td>(i) Total number of options in force</td><td colspan="2">10,00,000</td></tr>
<tr><td>(j) Employee wise details of options granted:</td><td colspan="2"></td></tr>
<tr><td rowspan="2">(i) Senior managerial personnel:</td><td>Name of Employee</td><td>No. of Options</td></tr>
<tr><td>Mr. Gordon Buchhholz
Mr. Thomas Greiner
Mr. Edwyn Rodrigues
Mr. Vineet Goel
Mr. Pradeep Pradhan
Mr. S. H. Joshi
Mr. Daniel Vaz
Mr. Ashok Joshi
Mr. Gaurang Shah</td><td>1,00,000
1,00,000
1,00,000
1,00,000
1,00,000
1,00,000
1,00,000
50,000
25,000</td></tr>
<tr><td>(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:</td><td>Mr. C. S. Desai</td><td>50,000</td></tr>
<tr><td>(iii) Identified employees who were granted Options, 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:</td><td colspan="2">None</td></tr>
<tr><td>(k) Diluted Earning Per Share:</td><td colspan="2">Not applicable, since no options are vested so far.</td></tr>
</table>

ANNEXURE 'B' TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

The Company's strategic initiative of setting up of 1.25MW windmill at Lambha, Gujarat has resulted in reduction in energy cost and helped the Company gain self-sufficiency in its power requirement at Udhna. Apart from this, the Company regularly reviews its power consumption patterns across its manufacturing and other processes and implements requisite improvements/changes in order to optimize power consumption.

B. RESEARCH & DEVELOPMENT (R&D)

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

Machine Tools

The new machines designed and developed are:

- CNC Turning Centre Sprint 25TC – with 1 Meter Admit Between Center CNC LATHE.
- Radial Drilling Machine – 80 mm Drill (BR 825).
- Radial Drilling Machine – 100 mm Drill (BR 1030).
- Travelling Column Radial Drilling Machine 100mm drill (100mm – BMCR 100).

Textile Air Engineering

New products designed and developed are:

- New models of Pre-fabricated Air Washer.
- In house Centrifugal Fan manufacture for TAE.
- Centrifugal Fan testing facility.
- Re-engineering of WCS prefabricated chamber.
- Re-engineering of AFD design/ sizes.
- New cost effective version of central monitoring system.
- Animation and live film on TAE systems.

Quickmill Inc.

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

- Boiler Tube Processing System – This project involved designing, building, and testing a machine tool fixture system for fully processing large boiler tubes for use in the power generation industry.
- Quickdrill HD – This project is a continuation of a long-term project to update the Quickdrill machine line. This machine is branded a milling machine due to its better-than-expected performance.
- Tristar/Q3 – This project is also a continuation of a long term project. It is a single drilling head with 3 independent spindles.

AESA SA

- Product development for Drum Filter.
- Product development for Axial Fan.

II. Benefits Derived

- Developed option available for avoiding civil work.
- Ease of installation of equipment.
- Optimum cost of centrifugal fan, AFD and WCS prefab chamber supply.
- Reduction in out-sourcing and increase in in-house manufacture.
- Increased sales due to new product introduction and providing superior performance at competitive price.
- Improved visibility in the market.
- Reduction in energy consumption.

III. Expenditure on R&D

Capital expenditure incurred: ₹ 380 lacs.

IV. Development Plans

Machine Tools

- CNC Turning Centre – Sprint 40 TC.
- CNC Machining center – Chetak 125 MC.
- Portable radial drilling machine – 100 mm capacity (BPR 100).
- CNC - Moving Column Drilling Machine 100 mm drill - (BMCD 100).

Textile Air Engineering

- Option for Axial flow fan direct grouting.
- Re-engineering of Prefab Air Washer.
- Re-engineering of major manufactured products.
- Re-engineering of outsourced products.

Quickmill Inc.

- Quickdrill III: The completed head will be mounted on an Annihilator frame and tested during this fiscal year.
- Right Angle/Articulating Head: Developing a new design for a head attachment for Eliminator machines.
- Customer driven R&D: Developing a custom fixture design for Caterpillar and a custom two-spindle Annihilator. As more customer specials are sold some of our R&D efforts will be redirected to this.

V. Technology Absorption, Adaption and Innovation

No import or adaption of imported technology during the year.

VI. Foreign Exchange Earnings and Outgoings

During the year ended 31st March, 2012, Foreign Exchange earning were ₹ **833.57 Lacs** (Previous Year ₹ 584.32 Lacs) and the Foreign exchange outgo was ₹ **83.18 Lacs** (Previous Year ₹ 69.11 Lacs). For further details, Note No. VII & IX of Notes forming Part of financial statements may be referred to.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

2. BOARD OF DIRECTORS:

The present strength of Board of Directors is Seven comprising of one Executive Director, one Non-Executive Director and five Non –Executive Independent Directors:

The Composition, category, other Directorships and Committee memberships held by them are as under:

Name of Director	Category	No. of other Directorship	No. of membership of Board Committees	No. of Board Committees for which Chair-person
Mr. Nirmal Bhogilal	Promoter, Executive	03	02	—
Mr. Vijay R. Kirloskar	Independent, Non-Executive	05	01	—
Mr. E. A. Kshirsagar	Independent, Non-Executive	06	04	04
Mr. Subodh Bhargava	Independent, Non-Executive	10	03	02
Mr. Ameet Hariani	Independent, Non-Executive	03	02	—
Mr. Ulrich H. Duden	Independent, Non-Executive	—	—	—
Mr. George Verghese	Non Promoter, Non-Executive	01	—	—

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

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

During the year ended 31st March 2012, four Board Meetings were held on 18th May 2011, 29th July 2011, 31st October 2011 and 27th January 2012.

Name of Director	No. of Board Meetings attended	Attendance at the last AGM held on 29th July 2011
Mr. Nirmal Bhogilal	4	Present
Mr. Vijay R. Kirloskar	2	—
Mr. E. A. Kshirsagar	4	Present
Mr. Subodh Bhargava	4	Present
Mr. Ameet Hariani	3	Present
Mr. Ulrich H. Duden	4	Present
Mr. George Verghese	3	Present

Board procedures

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

3. AUDIT COMMITTEE:

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

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 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) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

(iii) Approval for payment to statutory auditors for any other services rendered by them.

(iv) Reviewing with management the annual financial statements before submission to the board for approval, with particular reference to:

  (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;

  (b) Changes, if any, in accounting policies and practices and reasons for the same;

  (c) Major accounting entries involving estimates based on exercise of judgment by management;

  (d) Significant adjustments made in the financial statements arising out of audit findings;

  (e) Compliance with listing and other legal requirements relating to financial statements;

  (f) Disclosure of any related party transactions;

  (g) Qualifications in draft audit report.

(v) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

(vi) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

(vii) Reviewing with the management, performance of statutory and internal auditors, and the adequacy of internal control systems.

(viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

(ix) Discussion with internal auditors, any significant findings and follow up there on.

(x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

(xi) Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

(xii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

(xiii) To review the functioning of the Whistle Blower mechanism.

(xiv) Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function of discharging that function) after assessing the qualification, experience & background, etc. of the candidate.

(xv) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Composition

The Audit Committee of the Company comprises of three Independent Directors.

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

Present constitution of the Committee and the number of meetings attended by the Committee members during the year ended 31st March, 2012 is given below:

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

During the year ended 31st March, 2012 four Audit Committee Meetings were held on 18th May 2011, 29th July 2011, 31st October 2011 and 27th January 2012.

4. REMUNERATION COMMITTEE

Brief Description of Terms of Reference

— To review, assess and recommend the appointment of Whole-Time Directors;

— To periodically review the remuneration package of Whole-Time Directors and next level (in most cases either CEOs, CFOs or VPs) and recommend suitable revision to the Board; and

— Such other matters as may be entrusted by the Board from time to time.

Composition

The Remuneration Committee comprises of three Independent Directors.

The present constitution of the Committee and the number of meetings attended by the Committee members during the year ended 31st March, 2012 is given below:

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

During the year ended 31st March, 2012 three Remuneration Committee meetings were held on 17th May 2011, 08th August 2011, and 23rd January 2012.

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 lacs Options to the eligible employees during the year.

The Remuneration Committee at its meeting held on 23rd January, 2012 has granted 10,00,000 (Ten Lacs) Options of ₹ 5/- each at a price of ₹ 15.75/- per Option (being closing price of Company's shares on 20/01/2012 at BSE), to its eligible employees by way of Employee Stock Option Scheme (ESOP's).

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

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

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

SHARES HELD BY NON-EXECUTIVE DIRECTORS:

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

DETAILS OF REMUNERATION TO ALL THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2012.

(Figures in ₹)

Name of the Director	Salary	Benefits	Commission	Sitting Fees	Total	Service contract/Notice period/Severance fees
Mr. Nirmal Bhogilal	42,00,000	42,17,364	—	—	84,17,364*	Five years contract and Notice Period Six months.
Mr. Vijay R. Kirloskar	—	—	—	40,000	40,000	Retirement by rotation
Mr. E. A. Kshirsagar	—	—	—	1,30,000	1,30,000	—do—
Mr. Subodh Bhargava	—	—	—	1,30,000	1,30,000	—do—
Mr. Ameet Hariani	—	—	—	95,000	95,000	—do—
Mr. Ulrich H Duden	—	—	—	60,000	60,000	—do—
Mr. George Verghese	—	—	—	45,000	45,000	—do—

* Excluding retrial benefits

NOTES ON DIRECTORS SEEKING RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49-IV(G) OF THE LISTING AGREEMENT.

(1) Mr. Vijay R. Kirloskar (61) 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 following other Companies/Committees:

Sr. No.	Name of the Company	Chairman/ Director	Committees of the Board	Chairman/ Member
1.	Kirloskar Electric Company Limited	Chairman & Managing Director	(i) Shareholder'/Investor' Grivenace Committee. (ii) Committee formed to consider and approve Financial Results.	Member Member
2.	Kirloskar Power Equipment Limited	Chairman	—	—
3.	Keasirobicon Industrial Systems Private Limited	Director	—	—
4.	Kirloskar Power Build Gears Limited	Director	—	—
5.	MRF Limited	Director	—	—
6.	Kaytee Switchgears Limited	Director	—	—

(2) Mr. George Verghese (62) has been associated with Batliboi group since July 1974 in various capacities. He has rich experience of more than 40 years in the field of Textile Air Engg. & Air-Conditioning & Refrigeration Division. He is Director/Member of following other Companies/Committees:

Sr. No.	Name of the Company	Chairman/Director	Committees of the Board	Chairman/ Member
1.	Batliboi International Ltd.	Director	—	—
2.	AESA Air Engineering Private Limited	Director	—	—

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

Functions

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

Composition

The Committee comprises of two Directors.

The present constitution of the Committee and the number of meetings attended by the Committee members during the year ended 31st March, 2012 is given below:

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

During the year ended 31st March, 2012 four Investors'/Shareholders' Grievance and Share Transfer Committee meetings were held on 17th May 2011, 26th July 2011, 30th September 2011 and 04th January, 2012.

The Committee meets at frequent intervals, to approve inter-alia, transfer/transmission of shares, issue of duplicate share certificates and review the status of investors' grievances and redressal mechanism and recommend measures to improve the level of investor services. Details of share transfers/transmissions approved by the Committee are placed at the Board Meetings from time to time. The Company maintains continuous interaction with the said R&T Agents and takes proactive steps and actions for resolving complaints/queries of the shareholders/investors and also takes initiative in solving critical issues.

COMPLIANCE OFFICER

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

DETAILS OF INVESTORS' COMPLAINTS

There were no complaints pending at the beginning of the year, the Company has received 10 Complaints during the year and resolved all of them during the year under review. There are no outstanding complaints as on 31st March, 2012.

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
2008-2009	30th July, 2009	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K Dubash Marg, Fort, Mumbai - 400 001.	2.00 p.m.
2009-2010	29th July, 2010	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K Dubash Marg, Fort, Mumbai - 400 001.	2.30 p.m.
2010-2011	29th July, 2011	Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th 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 Directors were passed during the last three Annual General Meetings.

During the year an Extra Ordinary General Meeting was held on 13th December, 2011 at M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, Kalaghoda, Opp. Jehangir Art Gallery, 18/20 K Dubhash Marg, Fort, Mumbai - 400001 under pursuant to Section 81(1A) of the Companies Act, 1956 for approval of Employee Stock Option Plan (ESOP) and extending the benefits of ESOP to the employees and Directors of Company and its Subsidiaries.

7. DISCLOSURES:

(a) The Company has complied with the requirements of regulatory authorities on capital markets save and except clause 40A of the Listing Agreement. No penalties / strictures have been imposed against it during the last three years.

(b) None of the transactions with any of the management personnel of the company were in potential conflict with the interest of the Company at large.

(c) The Company has complied with all the mandatory requirements. The Company has also complied with non-mandatory requirement relating to setting up Remuneration Committee of the Board to determine interalia the Company's policy on remuneration package for Executive Directors and other Directors / Senior Management Personnel.

(d) The Company has also complied with the non-mandatory requirement of adoption of Whistle Blower Policy for its employees and no personnel has been denied access to the Audit Committee.

(e) The Company has laid down the procedures to inform Board Members about the risk assessment and minimization procedures. The Board is periodically informed about business and other risks and its minimization procedures.

8. MEANS OF COMMUNICATION:

(i) Half yearly/Quarterly report is not being sent to each household of shareholders as the shareholders are intimated through the press about the quarterly performance and financial results of the Company.

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

Year Ended 31st March, 2011	:	Free Press Journal, Nav Shakti
Quarter Ended 30th June, 2011	:	Free Press Journal, Nav Shakti
Quarter / Half year ended 30th September, 2011	:	Free Press Journal, Nav Shakti
Quarter/Nine Months ended 31st December, 2011	:	Free Press Journal, Nav Shakti

(iii) The details of the financial results and shareholding pattern are hosted on the Company's website "www.batliboi.com."

(iv) The Management Discussion and Analysis (MD&A) forms part of Annual Report.

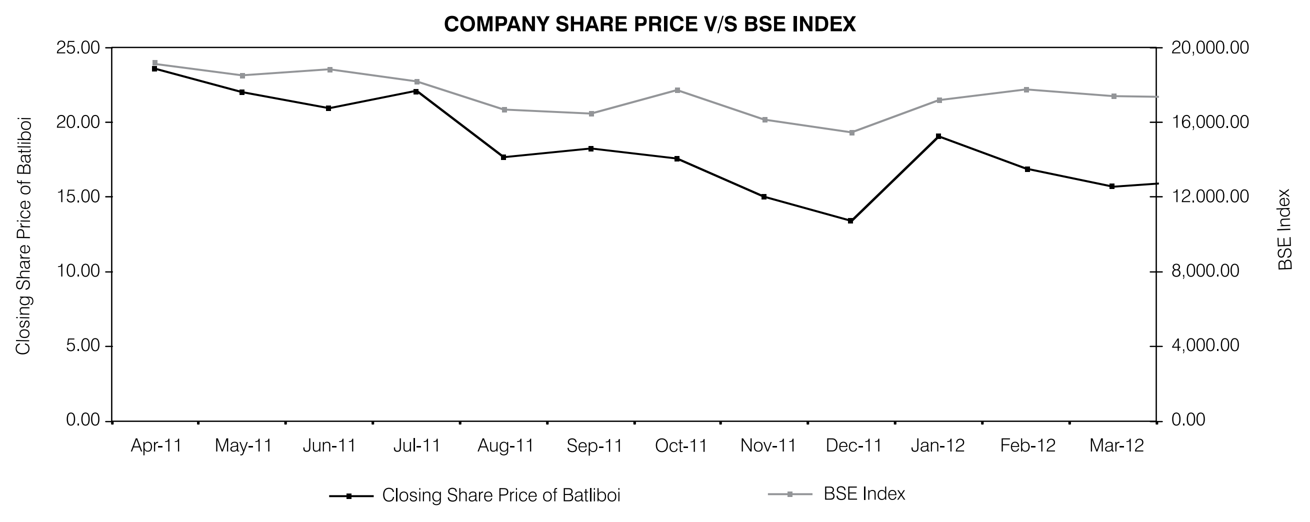
9. GENERAL SHAREHOLDER INFORMATION:

(i) Registered Office	:	Bharat House, 5th Floor, 104, Bombay Samachar Marg, Mumbai - 400 001.
(ii) Annual General Meeting	:	Day, Date and Time: Monday, 30th July, 2012 at 2:30 p.m. Venue : Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K Dubash Marg, Fort, Mumbai - 400 001.
(iii) Financial Year	:	12 months ended 31st March 2012
(iv) Date of Book Closure	:	Monday, 23rd July 2012 to Monday, 30th July 2012 (both days inclusive)
(v) Dividend Payment date	:	NA
(vi) Listing	:	Company's Equity shares are listed on Bombay Stock Exchange Limited. The shares were delisted from the NSE in June, 2012.
(vii) Stock Code BSE	:	522004
(viii) Demat ISIN Number in NSDL/CDSL for Equity Shares	:	INE 177C01022
(ix) Market Price Data		During the year ended 31st March 2012, 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 & National Stock Exchange of India Limited were as follows:

Price Range

Rate (₹)

	BSE		NSE	
Month	**High Price**	**Low Price**	**High Price**	**LowPrice**
April 2011	28.75	22.5	28.70	22.90
May 2011	24.00	21.15	23.90	19.55
June 2011	24.09	19.06	25.25	18.45
July 2011	26.08	20.00	26.95	19.00
August 2011	24.00	16.10	23.80	16.10
September 2011	20.25	16.70	21.00	14.00
October 2011	18.45	16.00	18.45	14.35
November 2011	17.60	12.55	18.60	13.80
December 2011	16.00	12.70	16.70	12.40
January 2012	20.48	13.06	20.55	12.55
February 2012	20.00	16.20	19.85	16.10
March 2012	19.30	14.40	19.45	13.85



(x) **Distribution of Shareholding as on 31st March, 2012:**

Range (No. of Shares)		Total Holders	% to No. of Holders	Total Holdings	% of Total Capital
From	To				
1	1000	11402	95.86	2097951	7.31
1001	2000	246	2.07	390707	1.36
2001	4000	133	1.12	390305	1.36
4001	6000	41	0.34	207725	0.72
6001	8000	16	0.13	112874	0.39
8001	10000	11	0.09	103150	0.36
10001	20000	18	0.15	260586	0.91
20001	& Above	28	0.24	25119252	87.58
	TOTAL	**11895**	**100.00**	**28682550**	**100.00**

(xi) **Shareholding Pattern as on 31st March, 2012 (Face Value ₹ 5/-)**

Category	No. of Shares	(%)
Promoter and Promoters Group	23443490	81.73
Directors, their Relatives	6080	0.03
Bodies Corporate	711822	2.48
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)	914034	3.19
Individual	3605274	12.57
Total	28682550	100

(xii) 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
(xiii) Share Transfer System	:	Transfer of Shares held in Physical form is processed by Datamatics Financial Services Ltd. and approved by the Chairman & Managing Director or Chief Corporate Counsel & Company Secretary or Group CFO & Executive Director pursuant to powers delegated to them by the Board of Directors.
(xiv) Dematerialisation of Shares	:	The Shares of the Company have been put on Compulsory Demat. As on 31st March 2012, about 88.96% of the total equity shares issued by the Company have been dematerialized.
(xv) Outstanding GDR/ADR	:	Not applicable.
(xvi) Plant Location	:	(i) P. O. Fateh Nagar, Surat Navsari Road, Udhna - 394 220. (ii) Veerasandra Industrial Area, Hosur Road, Bangalore - 560100
(xvii) Address for Correspondence	:	Bharat House, 5th Floor, 104, Mumbai Samachar Marg, Fort, Mumbai 400001
Email id	:	legal@batliboi.com
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 been 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.

By Order of the Board of Directors,

Sd/-
NIRMAL BHOGILAL
Chairman & Managing Director

Mumbai, May 23, 2012

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by Batliboi Limited (the Company) for the year ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreement entered of the Company with the Stock Exchanges.

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

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

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

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the 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.**
Firm Regn. No. 109208W

Sd/-
(G. Sankar)
Partner
Membership No.: 46050

Place : Mumbai,
Date : May 23, 2012

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The management of Batliboi Ltd. presents the analysis of Segment wise performance of your Company for the year 2011-12 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 developments, 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 Machines (GPM) CNC machines and Special Purpose Machines (SPM's). General purpose machines 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.

Special Purpose Machines (SPM's) 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, Spain, South Korea, China, Taiwan and Germany for metal cutting and metal forming machine tools in India.

Developments & Performance

The Machine tool industry in general was impacted during the year under review due to contracting industrial production and the consequent sluggishness in demand for the capital good and other industries. As per the data available from the Indian Machine Tool Manufacturers Association, demand for GPMs decreased by 28% and for CNCs by 19%. This adversely impacted the revenue and order booking of MTU. However, demand for SPMs increased on the strength of the orders from the Automotive, Heat Exchanger & Energy industry. Resultantly, the revenue of SPM division grew by 38%.

Performance of trading division continued to be encouraging as it surpassed budgeted expectations. The revenue grew by 12% during the year.

Opportunities, Threats and Outlook

Machine Tools Udhna (MTU)

Growth in automobile, infrastructure and vocational training market will continue to be the key drivers in the current year and as such low cost products are being developed for Education sector and following new products are being added for the automobile, infrastructure and power industry:

1. Portable drilling machine 100 mm.
2. High capacity machining centers and turning centers.
3. CNC – Moving column radial drilling machine of 100 mm drilling capacity.

It seems that sluggishness in the Capital Goods industry and lower industrial production will continue in the current year too; however, with the healthy order backlog and market potential for the new products, the division is expected to grow. The division has employed the services of Goldratt India to improve productivity and throughput. It is expected that the results of this endeavour will be reaped in fiscal 12/13.

Special Purpose Machines (SPM)

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

The current niche of Machining SPM is reducing, as manufacturing companies are moving into lean manufacturing and the shop floor is moving away from SPMs to standard machines. Therefore efforts are under way on steering SPM division into various other kinds of SPMs like assembly line, low cost automation, testing SPMs, which will augment revenue and profitability.

Outlook for the current year is optimistic as the division has a healthy order book and a reasonable level of enquiries from the niche sectors that this division covers. However, the challenges remain in a difficult economic environment.

Trading:

Delays/hold up in procurement by various large projects in almost all industries have largely impacted the order flow. Competition will continue to be intense with more and more overseas players focusing on India for doing business. Division has planned to add more products from different countries including Japan to improve its market share.

(II) Batliboi Textile Engineering Group

Business Structure

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

In Textile Air Engineering (TAE) the Company is a leader in manufacture and supply of climate control equipments and systems for textile mills covering spinning, weaving and knitting sectors.

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)

The textile industry showed sluggish growth throughout the year 2011-12. Spinning Industry had to contend with the vagaries of raw material price movement and its accompanying impact on yarn production as well as off-take.

The business environment has become highly competitive with competition from overseas players, which has put immense pressure on margins. However, the division has been able to reach the budgeted booking but revenue has been stagnant.

Textile Machinery Division (TMD)

The year under review was disappointing for the division due to less demand from customers across all sections in the international textile industry as consumer sentiment was impacted due to the economic woes for EU, US and also to a large extent Asia. However towards the end of the year the situation in the industry showed positive signs and had begun to stabilize due to which most textile units are now operating close to full capacity.

Spinning Machinery saw a crash in the demand in yarn and cotton in April 2011. This unprecedented drop severely affected the fortunes of the spinning industry making units cut back on production. This divisions' business however rode on the back of very good order position and with the help of the strategy of preventing order cancellation, succeeded in comfortably crossing the revenue target.

The initial order book of Knitting Machinery gains were nullified due to grim export scenario, which enfolded at the end of first quarter resulting in cancellation orders. This deeply affected the performance of the business.

The performance of Processing Machinery was supported by addition of two new product brands which resulted in good sales during the second half of year leading to better then targeted results for the division.

Opportunities, Threats and Outlook

TAE

The textile industry is still grappling with concerns such as power shut downs, higher indirect taxes, high power costs, high interest rates, export of cotton and uncertainty in cost of this raw material. However, domestic demand has seen an upsurge and the industry is likely to see better performance. This will pave the way for more expansions and green field projects.

Severe competition from overseas manufacturers as well as medium scale domestic manufacturers is a cause for concern.

The outlook for the industry is positive considering that domestic market is slated to grow and that India is still a major hub for sourcing textile products. The divisions' position is extremely healthy with the ongoing projects and with the improvement in the market scenario, performance is expected to improve.

TMD

The power problems in Tamilnadu and Andhra Pradesh persist and will to continue to affect the industry in South. Tirupur will see only a marginal improvement. However, overall investment plans have been reopened and it is expected that orders will start coming in towards the end of first half of the year, the position is therefore expected to improve business in the second half. The quest for new product brands will continue and this will provide growth possibilities for the business.

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

Business Structure, Developments and Performance

The group provides turnkey solutions to large industries in the manufacturing, service and hospitality field. Presently, the division is focusing on completion of its ongoing projects as such the order booking was minimum, mainly on supply of equipments. The performance of the division was satisfactory considering the focus was only on completion of jobs on hand.

Opportunities, Threats and Outlook

Due to several small and large, organized and unorganized entities operating in the market, there is severe competition. Highly competitive environment has caused adverse impact on the growth and margins of the division in past few years. Although the industry is expanding and there is growth potential, the management has decided to limit the operations for the time being in the wake of the severe competition and focus only on niche opportunities to protect margins.

(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 2011-12 was very encouraging with a significant improvement over previous years and a return to profitability. The South American markets rebounded with orders in the Oil & Gas industry and continues to shows signs of steady growth in the years to come. North America also had a modest recovery with orders in the Job Shop sector, Power Transmission and the Oil & Gas sectors.

India continues to show good signs for opportunities in the power sector with large machines for Header & Boiler work for 2013. The Middle East continues to be slow and will continue to be in the current year.

The company successfully launched and installed its new line of machining centers and will continue the focus this year.

Opportunities, Threats & Outlook

The company will continue its focus to explore the European markets, and will also make some marketing efforts with trade shows in Thailand, Vietnam, Turkey and Indonesia with a strategic focus on the product line built in India to meet price competition from Taiwan.

Competition from the Taiwanese Machine Tool manufactures continues to be intense; however, our continued focus on cost reduction and offering of full turnkey solutions would offset the threat.

With the growing demand from South and North America, India and south east Asian markets, outlook is promising.

(V) AESA Air Engineering SA

Business Structure, Developments & Performance

Your Company's subsidiary AESA is headquartered 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 slight recovery and a marginal profit in 2010-11, the result 2011-12 was negative. This is due to continued weak demand from Europe and Middle East, the influence of the company's internal changes and pressure on margins due to stiff competition. The result of the implemented changes in the company structure at the offices situated in France, China, Singapore and India will be seen in the current year.

Opportunities, Threats & Outlook

Markets in India and Indonesia are very active and the prospects are good. The business volume in China has also improved and is expected to develop further, however margins in the business will continue to remain under pressure.

It is a must to intensify the R&D activities as well as the diversification into non-textile business. The Company will been keenly looking to make its way and push the activity of the sale of various spare parts and business services.

The Company is undergoing many changes and venturing into new activities and with this, the year ahead seems promising.

B. HUMAN RESOURCES/INDUSTRIAL RELATIONS:

The total numbers of employees in the Company were 568 as on March 31st, 2012.

Technical training for manufacturing personnel were conducted at the Company's manufacturing unit at Udhna. Topics including Theory of Constraints, Continual Improvement in productivity, Safety awareness and Fire prevention and protection, Team work and Communication skills were covered during the sessions. Productivity & Process Improvement initiatives continued at the manufacturing units.

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

Place : Mumbai,
Date : May 23, 2012

AUDITORS' REPORT

The Members of Batliboi Ltd.

1. We have audited the attached balance sheet of Batliboi Ltd., as at 31st March, 2012 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

4. Further to our comments in the Annexure referred to above, we report that:–

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

   (iii) The report on the accounts of Udhna Plant audited by the branch auditors of the Company has been forwarded to us and has been appropriately dealt with in preparing our report;

   (iv) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with the audited returns received from the branch of the Company;

   (v) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   (vi) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2012 from being appointed as Director of the Company under Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes forming part of financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

      (a) In the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2012;

      (b) in the case of the profit and loss account, of the profit for the year ended on that date; and

      (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **V. Sankar Aiyar & Co.**
Chartered Accountants
Firm Regn. No. 109208W

Sd/-
(G. Sankar)
Partner
Membership No.: 46050

Place : Mumbai,
Date : 23rd May, 2012

ANNEXURE REFERRED TO IN OUR REPORT TO THE MEMBERS OF BATLIBOI LTD. FOR THE YEAR ENDED 31ST MARCH, 2012

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 were not material and the same 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 parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 677 lacs and the year end balance aggregates ₹ 677 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 as stipulated and has been regular in the payment of interest.

(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 Section 209(1) (d) 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 the Company has been regular, except for some delays in few cases, in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Investor Education Protection Fund, Sales-tax, Wealth Tax, Service Tax, Custom Duty and Excise Duty and other material statutory dues applicable to it with the appropriate authorities.

(b) According to the information and explanations given to us, and the records of the Company examined by us, no undisputed amounts payable in respect of Income-Tax, Wealth-tax, Service-Tax, Customs Duty, Excise Duty or cess were in arrears, as at 31st March 2012 for a period of more than six months from the date they became payable.

(c) In respect of Sales Tax and Excise Duty dues not deposited on account of disputes, the details of amounts involved and the forum where the disputes are pending, are as under:–

Forum where dispute is pending	Amount (₹ Lacs)
Sales Tax Appellate / Revisional Authority-up to Commissioner Level	53.62
Sales Tax Appellate Authority-Tribunal	35.66
Central Excise Appellate Tribunal	1.24

(xi) The Company does not have accumulated losses as at 31st March, 2012. The Company has not incurred cash loss during the current financial year and in the immediately preceding financial year.

(xii) Based on audit procedures applied by us and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to Banks during the year.

(xiii) According to the information and explanations given to us and based on our examination of the books of account, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiv) The provisions of special statute applicable to chit fund/mutual benefit fund/societies are not applicable to the Company.

(xv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of Para 4 of the Order are not applicable.

(xvi) In respect of guarantees given by the Company for loans taken by a related party from banks, having regard to the explanation that the Company has strategic business relationship with the related party and the party has extended reciprocal guarantee/charge on its current assets for financial assistance availed by the Company, the terms and conditions of the guarantees are, in our opinion, not prima facie prejudicial to the interests of the Company.

(xvii) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, wherever the purpose is stipulated by the lender, the term loans raised during the year have been applied for such purpose.

(xviii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company and the cash flow statement and considering that the company has taken long term loan from a bank towards capital expenditure, prima-facie, funds raised on short term basis have not been utilised for long term investment.

(xix) The Company has made preferential allotment of Redeemable Non-cumulative Preference Shares during the year to a party covered in the register maintained under section 301 of the Companies Act, 1956. The price at which these shares have been issued is not prejudicial to the interest of the company.

(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 Regn. No. 109208W

Sd/-
(G. Sankar)
Partner
Membership No.: 46050

Place : Mumbai,
Date : 23rd May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

₹ Lacs

	Note No.	As at 31-Mar-12	As at 31-Mar-11
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	**2,126.61**	1,912.13
Reserves and Surplus	2	**3,697.21**	3,666.92
		5,823.82	5,579.05
Share Application Money Pending Allotment		—	114.00
Non-current Liabilities	3		
Long Term Borrowings		**1,259.45**	1,156.80
Deferred Tax Liabilities		**38.00**	—
Other Long Term Liabilities		**689.88**	988.88
Long Term Provisions		**653.22**	687.12
		2,640.55	2,832.80
Current Liabilities	4		
Short Term Borrowings		**2,128.65**	1,569.84
Trade Payables		**2,515.02**	2,950.94
Other current Liabilities		**2,727.94**	2,868.53
Short-term provisions		**70.01**	77.36
		7,441.62	7,466.67
TOTAL		**15,905.99**	15,992.52
ASSETS			
Non-current Assets			
Fixed Assets	5		
Tangible Assets		**4,997.48**	4,790.21
Capital Work In Progress		**281.03**	333.10
		5,278.51	5,123.31
Non-current investments	6	**3,323.73**	2,978.46
Long term loans and advances	7	**231.97**	117.88
Other non-current assets	7	**498.18**	661.52
Current assets	8		
Inventories		**2,911.52**	2,941.40
Trade receivables		**2,798.02**	3,285.34
Cash and cash equivalents		**122.06**	81.94
Short-term loans and advances		**742.01**	802.64
		6,573.61	7,111.32
TOTAL		**15,905.99**	15,992.52
Significant Accounting Policies			
Notes on Financial Statements	**1 to 16**		

As per our report attached of even date

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

G. SANKAR
Partner
Membership No.: 46050

Mumbai
Dated : May 23, 2012

For and on Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

E. A. KSHIRSAGAR
Director

Mumbai
Dated : May 23, 2012

VINEET GOEL
Chief Financial Officer

GAURANG SHAH
Chief Corporate Counsel & Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	Notes	**Year Ended 31-Mar-12**	Year Ended 31-Mar-11
INCOME			
Revenue from Operations	**9**	**12,387.85**	12,746.59
Other Income	**10**	**744.37**	398.87
TOTAL REVENUE		**13,132.22**	13,145.46
EXPENDITURE			
Cost of Materials Consumed	**11**	**5,944.67**	6,311.54
Purchases of Stock in Trade	**11**	**1,448.56**	1,291.00
Changes in Inventories of finished goods, work in progress & stock in trade	**11**	**16.24**	(410.08)
Employee Benefit Expenses	**12**	**2,434.15**	2,274.39
Finance Costs	**13**	**608.45**	642.70
Depreciation		**154.47**	155.90
Other Expenses	**14**	**2,455.10**	2,419.44
TOTAL EXPENSES		**13,061.64**	12,684.89
Profit Before Exceptional Items & Taxes		**70.58**	460.57
Exceptional Items	**15**	**—**	(80.98)
Profit Before Taxes		**70.58**	541.55
Tax Expenses			
Current Tax		**16.00**	115.80
Deferred Tax (Net)		**38.00**	(21.03)
MAT Credit available for set off		**(16.00)**	(57.80)
Tax Adjustments in respect of earlier years		**—**	(26.22)
Profit/(Loss) for the year		**32.58**	530.80
Earnings per Share (Basic & Diluted) (Face Value of ₹ 5/- per Share)		**0.11**	1.85
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

Mumbai
Dated : May 23, 2012

For and on Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

VINEET GOEL
Chief Financial Officer

E. A. KSHIRSAGAR
Director

GAURANG SHAH
Chief Corporate Counsel & Company Secretary

Mumbai
Dated : May 23, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

		Year Ended 31-Mar-12		Year Ended 31-Mar-11	
I.	**CASH FLOW ARISING FROM OPERATING ACTIVITIES:**				
	Net Profit before Tax and Exceptional items		**70.58**		460.57
	Add Back:				
	(a) Depreciation	**154.47**		155.90	
	(b) Interest	**472.35**		540.42	
	(c) Debit balances written off	**129.05**		183.59	
	(d) Prov. for Doubtful Debts/Other Advances	**(37.52)**		(7.53)	
	(e) Leave Encashment Provision	**(16.15)**		3.79	
	(f) Provision for Gratuity	**5.10**	**707.30**	21.45	897.62
	Deduct:				
	(a) Dividend Income	**0.62**		0.61	
	(b) Surplus on Sale of Assets	**48.86**		138.62	
	(c) Surplus on Sale of Investments	**—**		3.66	
	(d) Unclaimed Credit balances appropriated	**287.33**		69.54	
	(e) Diminution in the value of investment	**—**		3.00	
	(f) Foreign Exchange Gains	**254.97**	**591.78**	95.68	311.11
	Operating Profit Before Working Capital Changes		**186.10**		1,047.08
	Deduct:				
	(a) Increase in Inventories	**—**		977.49	
	(b) Increase in Trade Receivables & Advances	**—**		685.86	
	(c) Decrease in Trade and other Payables	**246.14**	**246.14**	—	1,663.35
	Add:				
	(a) Decrease in Inventories	**29.88**		—	
	(b) Decrease in Trade Receivables & Advances	**521.14**		—	
	(c) Increase in Trade and other Payables	**—**	**551.02**	1,290.56	1,290.56
			490.98		674.29
	Income Taxes Paid		**72.21**		24.20
	Net Cash Inflow/(Outflow) from Operations (A)		**418.77**		650.09
II.	**CASH FLOW ARISING FROM INVESTING ACTIVITIES:**				
	Inflow:				
	(a) Sale of Fixed Assets	**53.84**		170.91	
	(b) Income from investments (Dividend)	**0.62**		0.61	
	(c) Sale/Redemption of other Investments	**—**	**54.46**	6.66	178.18
	Deduct:				
	Outflow:				
	(a) Acquisition of Fixed Assets	**316.90**		127.47	
	(b) Investment in Foreign Subsidiary	**18.46**	**335.36**	27.45	154.92
Net Cash Inflow/(Outflow) in course of Investing Activities (B)			**(280.90)**		23.26

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	Year Ended 31-Mar-12		Year Ended 31-Mar-11	
III. CASH FLOW ARISING FROM FINANCING ACTIVITIES:				
Inflow :				
(a) Increase in Preference Capital	**100.48**		592.00	
(b) Surplus of Welfare Trusts	**—**		427.43	
(c) Increase in Term Loan	**315.99**		—	
(d) Increase in unsec loan	**903.00**		122.00	
(e) Increase in Working Capital Borrowings	**210.80**	**1,530.27**	—	1,141.43
Deduct :				
Outflow :				
(a) Foreign Exchange Loss	**—**		(3.86)	
(b) Repayment of Term Loan	**1,135.94**		1,176.87	
(c) Decrease in Working Capital Borrowings	**—**		223.99	
(d) Net interest Paid	**480.88**	**1,616.82**	510.83	1,907.83
Net Cash Inflow/(Outflow) in course of Financing Activities (C)		**(86.55)**		(766.40)
Net Increase/(Decrease) in cash/Cash Equivalents (A+B+C)		**51.32**		(93.05)
Add - Balance at the begining of the year		**212.45**		305.50
Cash/Cash Equivalents at the close of the year		**263.77**		212.45
Net Increase/(Decrease) in cash/Cash Equivalents		**51.32**		(93.05)

As per our report attached of even date

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

G. SANKAR
Partner
Membership No.: 46050

Mumbai
Dated : May 23, 2012

For and on Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

VINEET GOEL
Chief Financial Officer

E. A. KSHIRSAGAR
Director

GAURANG SHAH
Chief Corporate Counsel & Company Secretary

Mumbai
Dated : May 23, 2012

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

(6) IMPAIRMENT OF ASSETS

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

SIGNIFICANT ACCOUNTING POLICIES — (Contd.)

(a) An impairment loss is recognized where the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at weighted average cost of capital.

(b) After impairment, depreciation is provided in subsequent periods on the revised carrying amount of the asset over its remaining useful life.

(c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value in use after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(7) INTANGIBLE ASSETS

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

(8) INVESTMENTS

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

(9) VALUATION OF INVENTORIES

(a) Inventories comprising Raw Materials, Work in Progress, Finished Goods, Stores and Loose Tools, are valued at lower of cost or net realizable value.

(b) Incomplete job contracts are valued at the direct cost incurred on such contracts.

(10) EMPLOYEE BENEFITS

(A) Short Term Employee Benefits

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

(B) Post-Employment Benefits

(a) Defined Contribution Plans:

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

(b) Defined Benefits Plans:

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

SIGNIFICANT ACCOUNTING POLICIES — (Contd.)

ii. In respect of employees; other than those working at manufacturing facilities, provident fund contributions are made to a trust administered by trustees. The interest payable by the trust to the members shall not be lower than the statutory rate declared by the Central Government and shortfall, if any, shall be made good by the Company.

iii. Actuarial gains and losses are immediately recognized in the Profit and Loss Account of the year without resorting to any amortization/deferment.

(C) Termination Benefits

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

(11) EMPLOYEE STOCK OPTION SCHEME

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

(12) PROVISIONS AND CONTINGENT LIABILITIES

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

(13) FOREIGN CURRENCY TRANSACTIONS

(a) Foreign currency transactions are recorded on initial recognition at the exchange rate in force on the date of the transaction. Exchange differences arising on settlement of monetary items (cash, receivables, payables, etc.) are recognized in profit and loss account in the period in which they arise.

(b) Foreign currency monetary items are reported at exchange rates prevailing at the end of the accounting period and the gains/losses are recognized in the profit and loss account.

(c) The premium or discount arising at the inception of forward exchange contracts is amortized as an expense or an income over the life of the contract.

(14) EXPENSES ON ISSUE AND PREMIUM ON REDEMPTION OF SECURITIES

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

(15) TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year. Deferred tax is recognized, subject to the consideration of prudence as per Accounting Standard-22 (Accounting for taxes on income) on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there 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 31ST MARCH, 2012

₹ Lacs

		As at 31-Mar-12	As at 31-Mar-11
NOTE 1 : SHARE CAPITAL			
AUTHORISED			
4,61,70,400	(P.Y. 4,61,70,400) Equity Shares of ₹ 5/- each	**2,308.52**	2,308.52
6,92,480	(P.Y. 6,92,480) Preference Shares of ₹ 100/- each	**692.48**	692.48
		3,001.00	3,001.00
ISSUED, SUBSCRIBED AND PAID-UP			
2,86,82,550	(P.Y. 2,86,82,550) Equity Shares of ₹ 5/- (P.Y. ₹ 5/-) each fully paid	**1,434.13**	1,434.13
6,92,480	(P.Y. 4,78,000) 5% — 5 Year Redeemable Non-cumulative Preference shares of ₹ 100/- each	**692.48**	478.00
		2,126.61	1,912.13

Notes:

Of the above:

Equity Shares

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

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

Particulars	**2011-12**	2010-11
Opening Number of Equity Shares	**2,86,82,550**	2,86,82,550
Add: Fresh Equity Shares issued during the year	**—**	—
Closing Number of Equity Shares	**2,86,82,550**	2,86,82,550

The detail of Share holder holding more than 5% equity shares is as under:

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

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

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

Preference Shares

2,14,480 5% Non Cumulative Preference Shares of ₹ 100 each were alloted during the year. 4,78,000 shares are redeemable on 27th March, 2016 and 2,14,480 shares are redeemable on 19th June 2016.

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

Particulars	**2011-12**	2010-11
Opening Number of Preferance Shares	**4,78,000**	—
Add: Fresh Preference Shares issued during the year	**2,14,480**	4,78,000
Closing Number of Preference Shares	**6,92,480**	4,78,000

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

Name of Shareholder	**No. of Shares**	No. of Shares
Mr. Pratap Bhogilal	**6,92,480**	4,78,000
% Shareholding	**100%**	100%

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	As at 31-Mar-12		As at 31-Mar-11	
NOTE 2 : RESERVES AND SURPLUS				
Capital Reserves				
As per last Balance Sheet		**25.00**		25.00
Capital Redemption Reserve				
As per last Balance Sheet	**95.60**		620.98	
Less: Transferred to General Reserve	**—**		620.98	
Add: Transferred from Profit and Loss Account	**30.00**	**125.60**	95.60	95.60
Revaluation Reserve				
As per last Balance Sheet	**450.41**		452.96	
Less: Amount withdrawn on account of depreciation on revalued assets	**2.29**	**448.12**	2.55	450.41
Securities Premium Reserve				
As per last Balance Sheet		**393.01**		393.01
General Reserve				
As per last Balance Sheet	**1,224.39**		603.41	
Add: Transfer from Capital Redemption Reserve	**—**	**1,224.39**	620.98	1,224.39
Investment Allowance Reserve Utilised				
As per last Balance Sheet		**63.05**		63.05
		2,279.17		2,251.46
Surplus				
Opening Balance in Profit & Loss Account	**1,415.46**		980.26	
Add: Profit/Loss from Profit & Loss Account	**32.58**		530.80	
Less: Transfer to Capital Redemption Reserve	**30.00**	**1,418.04**	95.60	1,415.46
Closing Balance in Profit & Loss Account		**1,418.04**		1,415.46
TOTAL		**3,697.21**		3,666.92

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	As at 31-Mar-12	As at 31-Mar-11
NOTE 3 : NON CURRENT LIABILITIES		
Long Term Borrowings		
Secured Term Loans		
FROM BANKS		
Rupee Term Loans		
– Securities (Refer Note 16 - I - a & b)		
Repayment Terms		
Repayable in E.M.I of ₹ 5.67 lacs, maturing in May, 2013.	**460.13**	493.79
Repayable in Monthly Installments of ₹ 20.83 Lacs for 11 months and ₹ 16.67 lacs for 12 months, maturing in February, 2014.		
Car Loan (Secured by hypothecation of Vehicle)	**1.29**	3.34
Repayable in EMI of ₹ 0.15 lacs, maturing in December 2013		
Foreign Currency Term Loan	**121.03**	537.67
– Securities (Refer Note 16 - I - b)		
Repayment Terms		
Repayable in Quarterly Installments of CAD 225000 for 1 Quarter and CAD 144000 for 4 Quarters, maturing on 3rd April, 2013.		
Repayable in Quarterly Installments of Euro 41875 for 1 Quarter and Euro 26800 for 4 Quarters,maturing on 27th June, 2013.		
Repayable in Quarterly Installments of USD 30165 for 3 Quarter and USD 19306 for 4 Quarters,maturing on 2nd November, 2013.		
Unsecured Loans		
Loans & Advances from Related Parties		
Loan from Director	**83.00**	10.00
Repayment Terms		
Repayable after one year		
Other Loans	**594.00**	112.00
Repayment Terms		
Repayable after one year		
	1,259.45	1,156.80
Other Long Term Liabilities		
Trade Payables	**209.02**	259.82
Advances and Deposits from Customers	**362.29**	659.79
Interest accrued and due on loans	**13.14**	11.75
Employee Related and Other Liabilities	**105.43**	57.52
	689.88	988.88
Long Term Provisions		
Provision for Employee Benefits		
Provision for Gratuity	**496.48**	482.64
Provision for Leave Encashment	**106.57**	122.34
Warranty Provision	**50.17**	82.14
	653.22	687.12

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	As at 31-Mar-12	As at 31-Mar-11
NOTE 4 : CURRENT LIABILITIES		
Short Term Borrowing		
SECURED		
Loans repayable on demand		
From Banks		
Cash Credit and Working Capital Borrowings (Refer Note 16 - I - c)	**1,780.65**	1,569.84
UNSECURED		
Inter Corporate Deposits	**348.00**	—
	2,128.65	1,569.84
Trade Payables		
Due to Micro Small and Medium Enterprises (Refer Note 16 - II)	**54.28**	94.84
Others	**2,460.74**	2,856.10
	2,515.02	2,950.94
Other Current Liabilities		
Advances and Deposits from Customers	**1,278.58**	910.01
Unclaimed Dividend*	**8.83**	8.84
Current maturities of Long Term Loan – Secured		
Rupee Term Loan from bank (Refer Note 16 - I - a & b)	**352.29**	543.54
Foreign Currency Term loan (Refer Note 16 - I - b)	**473.62**	573.88
Car Loan (Secured by hypothecation of Vehicle)	**2.05**	1.86
Tax Liabilities net of Advance Tax/TDS	**—**	32.70
Interest accrued but not due on loans	**51.75**	61.67
Statutory, Legal & Employee related and Other Liabilities	**560.82**	736.03
	2,727.94	2,868.53
Short Term provisions		
Provision for Employee Benefits:		
Provision for Gratuity	**34.27**	43.01
Provision for Leave Encashment	**21.09**	21.47
Warranty Provisions	**14.65**	12.88
	70.01	77.36

* 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-11	Additions/ Adjustments	Deductions/ Adjustments	**As at 31-Mar-12**	Upto 31-Mar-11	For the Year	Deductions/ Adjustments**	Upto 31-Mar-12	**As at 31-Mar-12**	As at 31-Mar-11
Tangible Assets										
Land (Freehold)	1,895.22	—	—	**1,895.22**	—	—	—	—	**1,895.22**	1,895.22
Land (Leasehold)*	434.49	—	—	**434.49**	—	—	—	—	**434.49**	434.49
Buildings*										
On Freehold Land	1,253.50	43.94		**1,297.45**	532.62	28.54	2.29	563.45	**734.00**	720.90
On Leasehold Land	325.89	—	(4.03)	**321.86**	204.48	7.19	(3.19)	208.48	**113.38**	121.41
Plant & Machinery	5,568.28	303.36	(0.30)	**5,871.33**	4,142.20	85.10	(0.07)	4,227.23	**1,644.10**	1,426.08
Office equipment/ computers etc.	744.22	18.30	(2.09)	**760.43**	652.80	20.03	(1.62)	671.21	**89.22**	91.42
Furniture, Fixtures, Fans and Electrical Fittings	217.29	3.37	—	**220.65**	137.91	11.29	—	149.20	**71.45**	79.38
Vehicles	28.73	—	(5.19)	**23.54**	7.41	2.32	(1.81)	7.92	**15.62**	21.31
Total Tangible Assets	**10,467.62**	**368.97**	**(11.61)**	**10,824.97**	**5,677.41**	**154.47**	**(4.40)**	**5,827.49**	**4,997.48**	**4,790.21**
Intangible Assets										
Technical Know-how	327.60	—	(327.60)	—	327.60	—	(327.60)	—	**—**	—
TOTAL	**10,795.22**	**368.97**	**(339.21)**	**10,824.97**	**6,005.01**	**154.47**	**(332.00)**	**5,827.49**	**4,997.48**	4,790.21
(Previous Year)	(11,065.70)	(60.52)	(-331.00)	(10,795.22)	(6,144.23)	(155.90)	(-295.12)	(6,005.01)	(4,790.21)	(4,921.47)
Capital Work-in-Progress									**281.03**	333.10
(Previous Year)									(333.10)	(268.72)
TOTAL									**5,278.51**	**5,123.31**
(Previous Year)									(5,123.31)	(5,190.19)

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

** Includes ₹ 2.29 Lacs being the depreciation on revalued assets drawn from Revaluation Reserve (SPM).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	Numbers 31-Mar-12	Numbers 31-Mar-11	Face Value (Each ₹)	**As at 31-Mar-12**	As at 31-Mar-11
NOTE 6 : NON-CURRENT INVESTMENTS					
TRADE INVESTMENTS					
Investment in equity Instruments:					
In fully paid Equity Shares (Un-quoted):					
Batliboi Environmental Engineering Ltd.	**1,908,930**	1,908,930	10.00	**191.21**	191.21
In fully paid Shares of Wholly Owned Subsidiary Company (Un-quoted):					
Queen Project Mauritius Ltd.					
Ordinary shares of MUR 10 each	**32,088**	32,088		**405.77**	405.77
Investment in Preference Instruments:					
In fully paid Shares of Wholly Owned Subsidiary Company (Un-quoted):					
Queen Project Mauritius Ltd.					
Preference Shares of MUR 10 each	**15,092,652**	14,985,916		**2,720.97**	2,375.69
NON-TRADE INVESTMENTS					
Investment in equity Instruments:					
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
Shamrao Vitthal Co.-op. Bank Ltd.	**20,000**	20,000	25.00	**5.00**	5.00
SUB-TOTAL				**5.27**	5.27
Investment in Preference Instruments:					
In fully paid 4% Cumulative Preference Shares (Quoted):					
The Khatau Makanji Spg. & Wvg. Co. Ltd.	**5**	5	100.00	**0.01**	0.01
SUB-TOTAL				**0.01**	0.01
TOTAL				**3,373.28**	3,028.01
Less: Provision for diminution in value of investments				**(49.55)**	(49.55)
GRAND TOTAL				**3,323.73**	2,978.46
Aggregate value of Quoted Investments				**50.06**	50.06
Less: Provision for diminution in value of investments				**(49.55)**	(49.55)
Net Value of Quoted Investments				**0.51**	0.51
Market Value of Quoted Investment				**—**	—
Aggregate value of Un-Quoted Investments				**3,323.22**	2,977.95

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	As at 31-Mar-12		As at 31-Mar-11	
NOTE 7 : LONG TERM LOANS & ADVANCES AND OTHER NON-CURRENT ASSETS				
Long Term Loans & Advances				
Unsecured Considered Good Unless Specified Otherwise				
Capital Advances		**55.28**		1.50
Security & Other Deposits		**88.36**		34.95
Considered Doubtful	**31.42**		56.83	
Less : Provision for doubtful deposits	**31.42**	**—**	56.83	—
SUB TOTAL		**88.36**		34.95
Other Loans & Advances				
Staff Loans		**5.80**		5.28
Advances recoverable in cash or in kind or for value to be received		**8.73**		18.35
SUB TOTAL		**14.53**		23.63
MAT Credit Available for set off		**73.80**		57.80
		231.97		117.88
Other Non-Current Assets				
Long Term Trade Receivables				
UNSECURED				
Debts outstanding Considered Good		**356.47**		531.01
Considered Doubtful	**84.66**		96.77	
Less: Provision for doubtful debts	**84.66**	**—**	96.77	—
		356.47		531.01
Cash and Cash Equivalents				
In Bank Deposits (towards Margin on Guarantees/LC's (Deposit receipts pledged with the Banks)		**141.71**		130.51
		498.18		661.52

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	As at 31-Mar-12	As at 31-Mar-11
		₹ Lacs
NOTE 8 : CURRENT ASSETS		
Inventories (valued at lower of Cost or Net Realisable value)		
Raw Materials	**1,470.36**	1,450.39
Work-in-Progress	**1,343.34**	1,349.33
Stock of machines, including own manufactured	**68.45**	78.70
Stores and Spare Parts	**24.35**	43.77
Loose Tools	**5.02**	16.17
Value of incomplete job contracts carried forward	**—**	3.04
	2,911.52	2,941.40
Trade Receivables		
UNSECURED		
Debts outstanding for a period exceeding six months Considered Good	**1,342.73**	1,206.27
Debts outstanding for a period less than six months Considered Good	**1,455.29**	2,079.07
	2,798.02	3,285.34
Cash and Cash Equivalents		
Cash and Cheques on hand and at collection centres	**4.41**	7.88
Balances with Scheduled Banks :		
In Current Account	**108.82**	65.22
Balances with Banks for unpaid Dividends	**8.83**	8.84
	122.06	81.94
Short Terms Loans and Advances		
Unsecured Considered Good Unless Specified Otherwise		
Advances recoverable in cash or in kind or for value	**486.19**	636.44
Staff Loans	**6.09**	7.22
Deposit	**63.99**	40.31
Balances with Excise, Sales Tax and Service Tax	**162.22**	118.67
Taxes paid in advance and deducted at source (net of Provision for tax)	**23.52**	—
	742.01	802.64

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	Year Ended 31-Mar-12		Year Ended 31-Mar-11	
NOTE 9 : REVENUE FROM OPERATIONS				
Sale of Products (Refer Note: 16 - V - A(ii) & B)	**11,930.17**		12,456.95	
Sale of Services (Refer Note: 16 - V - C)	**1,084.66**		939.08	
Other Operating Revenue	**299.40**	**13,314.23**	310.33	13,706.36
Less : Excise Duty		**926.38**		959.77
		12,387.85		12,746.59
NOTE 10 : OTHER INCOME				
Dividend		**0.62**		0.61
Exchange Difference Gains		**326.81**		137.97
Profit on Sale of Fixed Assets		**49.02**		163.48
Profit on Sale of Investments (Net)		**—**		3.66
Excess Provision of earlier years written back		**1.01**		—
Diminution in the value of investment		**—**		3.00
Unclaimed Credit Balances written back		**287.33**		69.54
Liability Written Back		**48.45**		—
Interest [TDS – ₹ 1,95 lacs (P.Y. ₹ 1.19 Lacs)]		**29.64**		17.11
Miscellaneous Receipts		**1.50**		3.50
		744.37		398.87
NOTE 11 : COST OF MATERIALS CONSUMED				
Raw Materials Consumed (Refer Note No. 16 - V - A(i))	**5,411.88**		5,748.35	
Less: Self Consumption for Job Contracts	**18.17**	**5,393.71**	145.67	5,602.68
Cost of Job Contracts		**230.79**		339.76
Cost of Services Rendered		**103.38**		137.58
Job work charges incurred		**216.79**		231.52
		5,944.67		6,311.54
NOTE 11 : PURCHASE OF STOCK IN TRADE				
Purchases of Stock in Trade		**1,448.56**		1,291.00
		1,448.56		1,291.00
NOTE 11 : CHANGE IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE				
Stock at close:				
Work-in-Process	**1,343.34**		1,349.33	
Stock of Machines and Own Manufactured Machines (Including excise duty)	**68.45**	**1,411.79**	78.70	1,428.03
Less:				
Stock at Commencement :				
Work-in-Process	**1,349.33**		997.98	
Stock of Machines and Own Manufactured Machines (Including excise duty)	**78.70**	**1,428.03**	19.97	1,017.95
		16.24		(410.08)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	Year Ended 31-Mar-12	Year Ended 31-Mar-11
NOTE 12 : EMPLOYEE BENEFIT EXPENSES		
(Refer Note no. 16 - XI - C)		
Salaries, wages, Allowances and Bonus	**2,032.89**	1,821.89
Contribution to Provident and Other Funds	**147.67**	158.01
Payments & Provision for Gratuity	**72.80**	121.93
Staff Welfare Expenses	**180.79**	172.56
	2,434.15	2,274.39
NOTE 13 : FINANCE COST		
Interest Expenses	**472.35**	540.42
Other Borrowing cost	**60.01**	53.70
Applicable Loss on Foreign Currency Transaction and Translation	**76.09**	48.58
	608.45	642.70
NOTE 14 : OTHER EXPENSES		
Rent	**122.77**	116.80
Rates and Taxes	**20.74**	20.97
Power and Fuel	**197.24**	203.26
Insurance	**17.23**	16.04
Sales Commission	**101.60**	137.15
Exhibitions/Advertisement Expenses	**60.16**	62.12
Printing and Stationery	**22.31**	22.94
Travelling and Conveyance	**287.25**	288.31
Audit, Legal and Professional Charges	**160.97**	90.19
Royalty & Technical Fees	**23.45**	20.94
Vehicle Maintenance	**78.12**	65.63
Packing and Cartage	**60.19**	65.56
Stores & Loose Tools Consumed	**177.84**	114.55
Repairs to Machinery	**39.43**	43.01
Repairs to Buildings	**13.87**	32.16
Repairs to Other Assets	**33.87**	28.89
Outsourced Services	**591.76**	488.99
Discounts and Allowances to Customers	**15.76**	15.38
Directors' Sitting Fees	**5.50**	4.75
Donation	**0.18**	0.02
Loss on Sale/Assets Written Off	**0.16**	24.86
Bad Debts	**129.05**	184.07
Provision for Doubtful Debts/Advances	**(37.52)**	(7.53)
Miscellaneous Expenses	**333.21**	380.38
	2,455.10	2,419.44
NOTE 15 : EXCEPTIONAL ITEMS		
Legal Claims	**—**	346.45
Amounts received from Welfare Trusts	**—**	(427.43)
(Income)/Expense	**—**	(80.98)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 16 :

I. Borrowings and Securities

a. Rupee Term Loans of ₹ 383.54 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.

b. Rupee Term Loan of ₹ 428.88 Lacs from a Bank and Foreign Currency Term Loans of ₹ 594.65 Lacs are secured by first pari passu charge on the entire Fixed Assets of the Company situated at Udhna, Surat and Hosur Road, Bangalore. Foreign Currency Term Loans are further secured by first and exclusive charge on Land & Building situated at Coimbatore.

c. Working Capital Borrowings from Consortium banks on Cash Credit/Overdraft/Short Term Loan and Non Fund based facilities are secured by first pari-passu charge on stock of Raw Materials, Stock in Process, Semi-finished and finished goods, consumable stores and spares, bills receivable, book debts and other moveable current assets (both present and future) of the company and Second pari passu charge on the fixed assets of the company (both present and future) at Udhna, Surat and Hosur Road, Bangalore.

d. A specific guarantee facility of ₹ 288.00 Lacs (Previous Year ₹ 288.00 Lacs) of Batliboi Environmental Engineering Limited (BEEL) from a Bank is secured by first pari passu charge by way of an equitable mortgage on the immoveable property of the company situated on the leasehold land at Deonar, Mumbai. Balance outstanding as on 31st March, 2012 ₹ 171.33 Lacs (Previous Year ₹ 288.00 Lacs).

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

Particulars	**As at 31-Mar.-12**	As at 31-Mar.-11
Principal amount due and remaining unpaid	**54.28**	94.84
Interest due on above and the unpaid interest	**5.24**	2.53
Interest Paid	**Nil**	Nil
Payment made beyond the appointed day during the year	**265.45**	305.90
Interest due and payable for the period of delay*	**Nil**	Nil
Interest accrued and remaining unpaid	**5.24**	2.53
Amount of further interest remaining due and payable in succeeding years	**5.24**	2.53

*Not claimed by parties.

III. Contingent Liabilities not provided for in respect of:

a. Claims against the company not acknowledged as debts ₹ 311.24 Lacs (Previous Year ₹ 149.72 Lacs).

b. Disputed Sales Tax/Excise demands under appeal ₹ 76.30 Lacs (Previous Year ₹ 76.30 Lacs).

c. Corporate Guarantees given to banks and financial institutions for credit facilities/performance guarantees extended by them to Batliboi Environmental Engineering Limited (BEEL), a related party ₹ 2,960.00 Lacs (Previous Year ₹ 2,690.00 Lacs). Balance outstanding as on 31st March, 2012 ₹ 2,207.97 Lacs (Previous Year ₹ 2,360.26 Lacs).

d. Guarantees given on behalf of the Company by its bankers and outstanding ₹ 1,379.41 Lacs (Previous Year ₹ 1,318.05 Lacs). Out of the above, Guarantees of ₹ 182.42 Lacs (Previous year ₹ 224.64 Lacs) given by Company's bankers and outstanding in respect of contracts of Batliboi Environmental Engineering Limited (BEEL), a related party.

e. In respect of guarantees given by the company to the bankers of Batliboi Environmental Engineering Limited (BEEL), a related party, BEEL has given counter guarantees on behalf of the Company.

f. Company has given Corporate Guarantee to others on behalf of its step down subsidiary Quickmill Inc. amounting to Canadian Dollar (CAD) 0.94 Million equivalent to ₹ 479.82 Lacs (Previous Year CAD 0.74 Million equivalent to ₹ 339.87 Lacs).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 16 : (Contd.)

IV. Commitments:

(a) Estimated amount of contracts remaining to be executed on capital account not provided for ₹ 333.75 Lacs (Previous Year ₹ 135 Lacs).

(b) The Company does not have any other commitment.

V. Details of Manufacturing, Trading and Services

(A) MANUFACTURING

(i) Consumption of Raw Materials:

₹ Lacs

Particulars	2011-12	2010-11
(a) Aluminum Sheets	**71.70**	91.62
(b) Iron and Steel	**580.74**	722.88
(c) Castings	**405.50**	209.30
(d) Electric Motors	**450.50**	417.67
(e) Scrap	**480.68**	511.30
(f) Other Components	**3,702.56**	3,795.58
Sub-Total	**5,691.68**	5,748.35
Less: Captive Use	**279.80**	Nil
Total	**5,411.88**	5,748.35

(ii) Manufactured Goods:

₹ Lacs

Particulars	Sales Value	Closing Inventory	Opening Inventory
(a) Machine Tools	**6,640.43** (7,033.16)	**19.10** (37.10)	**37.10** (Nil)
(b) Humidification Air Control/Exhaust Fans & Compressors	**3,386.16** (3,667.53)	**Nil** (Nil)	**Nil** (Nil)
(c) Castings	**17.00** (12.93)	**Nil** (Nil)	**Nil** (Nil)
(d) Spares	**Nil** (Nil)	**Nil** (Nil)	**Nil** (Nil)
Total	**10,043.59** (10,713.62)	**19.10** (37.10)	**37.10** (Nil)

(iii) Work in Progress:

₹ Lacs

Particulars	Closing Inventory	Opening inventory
(a) Machine Tools	**1,055.00** (988.00)	**988.00** (735.62)
(b) Humidification Air Control/Exhaust Fans & Compressors	**235.54** (328.09)	**328.09** (204.54)
(c) Castings	**52.80** (33.24)	**33.24** (Nil)
(d) Spares	**Nil** (Nil)	**Nil** (Nil)
Total	**1,343.34** (1,349.33)	**1,349.33** (940.16)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 16 : (Contd.)

(B) TRADING:

₹ Lacs

Particulars	Purchase	Sales	Opening Inventory	Closing Inventory
(a) Machine Tools	**638.57** (561.62)	**702.37** (643.78)	**Nil** (Nil)	**Nil** (Nil)
(b) Humidification Air Control/Exhaust Fans & Compressors	**486.22** (433.05)	**780.74** (724.10)	**4.11** (1.01)	**4.19** (4.11)
(c) Knitting Oil & Digital Printing Ink	**323.76** (296.33)	**403.47** (375.46)	**37.49** (18.96)	**45.16** (37.49)
Total	**1,448.56** (1,291.00)	**1,886.58** (1,743.34)	**41.60** (19.97)	**49.35** (41.60)

(C) SERVICES:

₹ Lacs

Particulars	2011-12	2010-11
(a) Commission	**836.69**	613.59
(b) Service Charges	**247.97**	325.49
Total	**1,084.66**	939.08

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

₹ Lacs

Particulars	2011-12	2010-11
(a) Raw Materials and Components	**645.79**	598.83
(b) Purchases for Trading	**22.67**	34.02
(c) Capital Goods	**—**	52.02
Total	**668.46**	684.87

VII. Expenditure in Foreign Currency:

₹ Lacs

Particulars	2011-12	2010-11
(a) Traveling expenses	**17.22**	20.12
(b) Interest on ECB Loan	**35.39**	22.44
(c) Commission and Royalty & Technical Fees	**30.49**	20.94
(d) Others	**0.08**	5.61
Total	**83.18**	69.11

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 16 : (Contd.)

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

Particulars		2011-12		2010-11	
		% of Total Consumption	**₹ Lacs**	% of Total Consumption	₹ Lacs
(a)	Raw Materials & Components				
	Imported	**15%**	**790.17**	13%	772.62
	Indigenous	**85%**	**4,621.71**	87%	4,975.73
		100%	**5,411.88**	100%	5,748.35
(b)	Stores, Spares & Loose Tools				
	Imported	**0%**	**Nil**	0%	Nil
	Indigenous	**100%**	**177.84**	100%	114.55
		100%	**177.84**	100%	114.55

IX. Earnings in Foreign Currency:

₹ Lacs

Particulars	2011-12	2010-11
Commission / Other income	**833.57**	584.32
Total	**833.57**	584.32

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

₹ Lacs

Particulars		2011-12		2010-11	
		Statutory Auditors	**Branch Auditors**	Statutory Auditors	Branch Auditors
(a)	Audit Fees	**7.75**	**1.25**	6.20	1.25
(b)	Tax Audit	**—**	**0.50**	—	0.50
(c)	Certification	**2.62**	**1.75**	1.90	—
(d)	Expenses	**0.25**	**0.81**	1.13	0.71
(e)	Other Services	**3.00**	**—**	2.50	1.68
	Total	**13.62**	**4.31**	11.73	4.14

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	
				₹ Lacs
			2011-12	2010-11
	3.	Total Contract Revenue recognized as Revenue during the year	**263.26**	418.02
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	**114.75**	416.54
	b.	Amount due from/(to) customers	**98.50**	147.84
	c.	Advances received from customers	**16.22**	18.92

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 16 : (Contd.)

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

(a) Foreign currency long term loan includes:

(i) Canadian dollar (CAD) 801000 i.e. ₹ 408.11 Lacs against which the company has not taken any forward cover as at balance sheet date.

(ii) EURO 149075 i.e. ₹ 101.21 Lacs against which the company has not taken any forward cover as at balance sheet date. The company has natural hedge against commission receivable.

(iii) USD 167724 i.e. ₹ 85.34 Lacs against which the company has no forward cover or natural hedge.

(iv) The company has no exposure by way of derivative contracts.

(b) Exchange Gains/Loss credited/charged to Profit and Loss Account: Exchange Gain ₹ 254.97 Lacs (Previous year Exchange Gain ₹ 95.68 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:

₹ Lacs

	Particulars	2011-12	2010-11
(a)	Contribution to Employees Provident Fund i.r.o. employees at manufacturing facilities	**27.30**	25.70
(b)	Contribution to Employees Superannuation Fund	**33.41**	48.98

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 31st March, 2012 (31st March, 2011):

₹ Lacs

		Gratuity	Leave Encashment	Compensated absence
		Non-funded	**Non-funded**	**Non-funded**
•	**Changes in the Present Value of Obligation**			
	(a) Present Value of Obligation as at 1st April, 2011	**525.65** (507.23)	**123.51** (119.68)	**9.65** (6.29)
	(b) Interest Cost	**42.05** (40.58)	**9.88** (9.57)	**—** —
	(c) Service Cost	**24.94** (24.59)	**15.54** (16.46)	**—** —
	(d) Curtailment Cost/(Credit)	—	—	—
	(e) Settlement Cost/(Credit)	—	—	—
	(f) Benefits Paid	**65.92** (100.47)	**23.00** (21.50)	**—** —
	(g) Interest guarantee (if relevant)	—	—	—
	(h) Actuarial (Gain)/Loss	**3.99** (53.72)	**1.07** (-0.70)	**(2.20)** (3.36)
	(i) Present Value of Obligation as at 31st March, 2012	**530.71** (525.65)	**127.00** (123.51)	**7.45** (9.65)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 16 : (Contd.)

		Gratuity	Leave Encashment	Compensated absence
		Non-funded	Non-funded	Non-funded
•	**Changes in the Fair Value of Plan Assets**			
	(a) Present Value of Plan Assets as at 1st April, 2011	**NIL**	**NIL**	**NIL**
	(b) Expected Return on Plan Assets	**NA**	**NA**	**NA**
	(c) Actuarial (Gain)/Loss	**NIL**	**NIL**	**NIL**
	(d) Employers' Contributions	**NIL**	**NIL**	**NIL**
	(e) Benefits Paid	**NA**	**NA**	**NA**
	(f) Present Value of Obligation as at 31st March, 2012	**NIL**	**NIL**	**NIL**
•	**Amount Recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets**			
	(a) Present Value of Defined Benefit Obligation as at 31st March, 2012	**530.71** (525.65)	**127.00** (123.51)	**NIL** (NIL)
	(b) Fair Value of Plan Assets as at 31st March, 2012	NIL	NIL	NIL
	(c) Net Liability recognized in the Balance Sheet (as at 31st March, 2012)	**530.71** (525.65)	**127.00** (123.51)	**NIL** (NIL)
•	**Expenses Recognized in the profit and Loss Account**			
	(a) Service Cost	**24.94** (24.59)	**15.54** (16.46)	**NIL** (NIL)
	(b) Interest Cost	**42.05** (40.58)	**9.88** (9.57)	**NIL** (NIL)
	(c) Expected Return on Plan Assets	**NIL**	**NIL**	**NIL**
	(d) Curtailment Cost/(Credit)	**NIL**	**NIL**	**NIL**
	(e) Settlement Cost/(Credit)	**NIL**	**NIL**	**NIL**
	(f) Net Actuarial (Gain)/Loss	**3.99** (53.72)	**1.07** (-0.70)	**NIL** (NIL)
	(g) Total Expenses recognized in the Profit and Loss Account	**70.98** (118.89)	**26.49** (25.33)	**NIL** (NIL)
•	**Actual Return on Plan Assets**			
•	**Estimated Contribution to be made in the next annual year**			
•	**The Composition of Plan Assets:** i.e. Percentage of each Category of Plan Assets to Total Fair Value of Plan Assets as at 31st March, 2012	**NIL**	**NIL**	**NIL**
	(a) Govt of India Securities	**NA**	**NA**	**NA**
	(b) Corporate Bonds	**NA**	**NA**	**NA**
	(c) Special Deposit Scheme	**NA**	**NA**	**NA**
	(d) Equity Shares of Listed Companies	**NA**	**NA**	**NA**
	(e) Property	**NA**	**NA**	**NA**
	(f) Insurance Managed Funds	**NA**	**NA**	**NA**
	(g) Others	**NA**	**NA**	**NA**
	Total	**NA**	**NA**	**NA**
•	**Actuarial Assumptions**			

	Retirement age	58 years for employees at manufacturing facilities at Udhana and 60 years at other locations.
	Discount rate	8.00%
	Mortality	LIC (1994-96) ULTIMATE
	Withdrawal rate	1% p.a
	Salary escalation*	4% p.a

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 16 : (Contd.)

(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 interest obligations, over and above the fixed contribution recognized.

XI. D. Segment Reporting

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

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

The company has classified its business into four major segments:

(a) *Machine Tool Business Group*, which handles manufacturing and marketing (including trading and agency business) of machine tool and components e.g. CNC and GPM machines, machine castings, machine carcasses, cranes etc.

(b) *Textile Engineering Group*, which deals in manufacturing and marketing of textile air-engineering systems range i.e. Humidification, waste recovery, and auto control systems, besides marketing (including trading and agency business) of textile machinery e.g. circular knitting, spinning and flat-knitting machines etc.

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

(d) O*thers*, which covers remaining business i.e. agro-industrial products (e.g. pumps/motors), air and water treatment jobs etc.

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

₹ Lacs

	Machine Tools Group		Textile Engineering Group		Air-conditioning & Refrigeration Group		Others		Un-allocated		Total Co.	
	2011-12	2010-11	**2011-12**	2010-11	**2011-12**	2010-11	**2011-12**	2010-11	**2011-12**	2010-11	**2011-12**	2010-11
Segment Revenue												
Total Segment Revenue	**7,074.41**	7,325.92	**4,669.74**	4,440.37	**440.45**	777.47	**—**	—	**203.25**	202.83	**12,387.85**	12,746.59
Segment Revenue from external customers	**7,074.41**	7,325.92	**4,669.74**	4,440.37	**440.45**	777.47	**—**	—	**203.25**	202.83	**12,387.85**	12,746.59
Segment Results												
Profit/(Loss) before Interest & Tax	**(266.70)**	116.53	**360.58**	505.98	**(102.64)**	(139.50)	**—**	—	**687.78**	701.25	**679.03**	1,184.25
(Less): Finance Cost	**—**	—	**—**	—	**—**	—	**—**	—	**(608.45)**	(642.70)	**(608.45)**	(642.70)
Total Profit/(Loss) before Tax	**(266.70)**	116.53	**360.58**	505.98	**(102.64)**	(139.50)	**—**	—	**79.33**	58.55	**70.58**	541.55
Less: Tax Expenses									**38.00**	10.75	**38.00**	10.75
Total Profit/(Loss) after Tax	**(266.70)**	116.53	**360.58**	505.98	**(102.64)**	(139.50)	**—**	—	**41.33**	47.80	**32.58**	530.80
Segment wise Capital Employed	**3,615.80**	3,432.03	**205.07**	284.56	**155.29**	151.90	**(1.65)**	(1.65)	**1,849.31**	1826.21	**5,823.82**	5,693.05
(Segment Assets Less Segment Liabilities)												
Segment Assets	**6,012.83**	6,060.41	**1971.23**	2,221.33	**603.92**	758.25	**0.47**	0.47	**7,317.54**	6,952.06	**15,905.99**	15,992.52
Segment Liabilities	**2,397.03**	2,628.38	**1,766.16**	1,936.77	**448.63**	606.35	**2.12**	2.12	**5,468.23**	5,125.85	**10,082.17**	10,299.47
Capital Expenditure	—	—	—	—	—	—	—	—	**281.03**	333.10	**281.03**	333.10
Depreciation	**59.71**	59.49	**26.78**	26.58	**1.91**	2.60	**—**	—	**66.07**	67.23	**154.47**	155.90
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 31ST MARCH, 2012

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 Affairs
(c) Mrs. Sheela Bhogilal
(d) Ms. 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 31ST MARCH, 2012

NOTE 16 : (Contd.)

(B) Transactions & Outstanding Balances:

₹ Lacs

	Subsidiary Companies		Entities		Key Management Personnel & their Relatives	
	2011-12	2010-11	**2011-12**	2010-11	**2011-12**	2010-11
(I) Transactions						
Purchase of goods/materials/ services/fixed assets/ investments	**62.62**	92.30	**835.09**	340.31	**—**	—
Sale of goods/materials/services/ fixed assets/investments/recovery of expenses	**144.72**	517.92	**448.85**	664.63	**—**	—
Rent/License fee received	**—**	—	**0.54**	4.81	**5.40**	—
Interest Paid(Received)	**—**	—	**6.26**	7.93	**19.05**	5.49
Unsecured Loan Received	**30.00**	—	**260.00**	—	**265.00**	70.00
Loans & Advances in cash or kind received /(refunded) (Net)	**50.95**	—	**266.74**	310.00	**—**	—
Preference Share Capital	**—**	—	**—**	—	**100.48**	478.00
Preference Share Application Money	**—**	—	**—**	—	**—**	114.00
Gross Salary/Remuneration	**—**	—	**—**	—	**115.07**	104.01
(II) Outstanding Balances as at 31st March 2012 i.r.o:						
Unsecured Loan Received	**30.00**	—	**312.00**	57.27	**335.00**	74.43
Trade Advances – Given	**—**	—	**266.00**	220.30	**—**	—
Other receivable (for goods, services & other items)	**93.90**	140.34	**667.03**	522.30	**—**	—
Other payables (for goods, services & other items)	**98.64**	36.09	**107.58**	148.32	**—**	—

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 16 : (Contd.)

XI. F. Earning Per Share

Basic & Diluted Earnings per Share:

	Workings of EPS	2011-12	2010-11
A.	Profit after tax		
	Net Profit/(Loss) available for Equity Shareholders: ₹ in Lacs	**32.58**	530.80
B.	Weighted average number of Equity shares for computation of Basic & Diluted Earning per Share: Nos.	**2,86,82,550**	2,86,82,550
C.	Basic & Diluted Weighted Average Earning/(Loss) Per Share: ₹	**0.11**	1.85

Note: Options under the employee stock option scheme have not been vested as at the balance sheet date. Therefore they have not been considered for diluted earning per share.

XI. G. Taxes on Income:

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

₹ Lacs

		31-Mar.-12	31-Mar.-11
i	Deferred Tax Assets:		
	Unabsorbed business loss/unabsorbed depreciation	**321.24**	340.41
	Provision for Doubtful Debts, Advances, Diminution in Value of Investments and Employee Benefits	**114.22**	153.03
ii.	Deferred Tax Liabilities:		
	Depreciation on Fixed Assets	**473.46**	493.44
iii.	Net Deferred Tax Assets/(Liabilities)	**(38.00)**	Nil

XI. H. Provisions, Contingent Liabilities and Contingent Assets

Disclosure for Provisions in terms of AS-29:

₹ Lacs

Provisions	Opening Amount	Additional Provision	Amount used	Amount Reversed	Closing Amount
2011-12	**235.99**	**74.07**	**23.18**	**56.30**	**230.58**
2010-11	205.17	109.44	50.64	27.98	235.99

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.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 16 : (Contd.)

XIII. 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. The company has also 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 aforesaid companies, 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, the company has reserved 28,68,255 options during the year to the eligible employees of the company and its subsidiaries under the Employee Stock Option Scheme. The exercise price for option is ₹ 15.75 (same as the market price on the grant date). Each option entitles the option holder to subscribe to one equity share of the Company.

Out of the above reserved options, 10,00,000 options have been granted. The date of grant of option is 23rd January, 2012. The granted options would vest in the eligible employees as follows:

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

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. By virtue of acquisition proceeding, Surat Municipal Corporation (SMC), acquired land admeasuring 2541.84 Sq. meters at Udhna in 1995-96, without paying any compensation. SMC had also acquired land admeasuring 3360 Sq. meter at Udhna in the FY 2007-08 against which SMC paid compensation of ₹ 3.16 Lacs after adjusting betterment charges of ₹ 15.99 Lacs and TDS of ₹ 2.79 Lacs. The Company has preferred an application against the said compensations before the Principal Judge Sr. Division Court Surat, claiming compensation at the prevailing market price. At present the matter is pending in the court. Pending the final compensation, the amount received as above has been disclosed under the head “Current Liabilities”.

XVI. Till the year ended 31st March, 2011, the company was using the pre-revised schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified and regrouped the previous year figures to conform to current year. Figures in bracket represent previous year’s figures.

As per our report attached of even date

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

G. SANKAR
Partner
Membership No.: 46050

Mumbai
Dated : May 23, 2012

For and on Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

VINEET GOEL
Chief Financial Officer

E. A. KSHIRSAGAR
Director

GAURANG SHAH
Chief Corporate Counsel & Company Secretary

Mumbai
Dated : May 23, 2012

AUDITOR'S REPORT ON CONSOLIDATED ACCOUNTS

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

1. We have audited the attached consolidated Balance Sheet of **BATLIBOI LTD.** ("the Company") and its subsidiaries as at 31st March 2012, the Consolidated Profit & Loss Account & the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs 6,264.84 Lacs as at March 31, 2012 and revenues of Rs 12,183.76 Lacs for the year. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with requirements of Accounting standard 21- 'Consolidated Financial Statements'.

5. Based on our audit and on consideration of the report of the other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanation given to us, we are of the opinion that the consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India.:

   a. In the case of the consolidated Balance Sheet, of the state of affairs of the Company and its subsidiary as at 31 March 2012;

   b. In the case of the consolidated Profit & 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.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No-109208 W

sd/-

Place: Mumbai
Date: 23rd May, 2012.

(G. Sankar)
Partner
Membership No.:46050

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

₹ Lacs

	Note No.	As at 31-Mar-12	As at 31-Mar-11
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	**2,126.61**	1,912.13
Reserves and Surplus	2	**3,761.74**	4,144.95
		5,888.35	6,057.08
Share Application Money Pending Allotment		—	114.00
Minority Interest		—	—
Non-current Liabilities	3		
Long Term Borrowings		**2,372.80**	2,255.28
Deferred Tax Liabilities		**78.76**	32.19
Other Long Term Liabilities		**1,268.95**	1,684.87
Long Term Provisions		**766.09**	774.15
		4,486.60	4,746.49
Current Liabilities	4		
Short Term Borrowings		**2,919.54**	2,672.95
Trade Payables		**4,526.18**	5,586.33
Other current Liabilities		**4,146.97**	3,997.63
Short-term provisions		**203.19**	217.09
		11,795.88	12,474.00
TOTAL		**22,170.83**	23,391.57
ASSETS			
Non-current Assets			
Fixed Assets	5		
Tangible Assets		**6,260.69**	6,004.47
Goodwill on Consolidation		**1,169.70**	1,169.70
Intangible Assets		**1,829.00**	1,850.32
Capital Work In Progress		**281.03**	333.10
		9,540.42	9,357.59
Non-current investments	6	**196.99**	196.99
Long term loans and advances	7	**303.97**	228.76
Other non-current assets	7	**374.03**	587.38
Current assets	8		
Current Investments		**249.09**	33.66
Inventories		**5,211.89**	5,389.19
Trade receivables		**4,666.89**	5,793.09
Cash and cash equivalents		**558.36**	585.88
Short-term loans and advances		**1,069.17**	1,219.01
		11,755.41	13,020.82
TOTAL		**22,170.83**	23,391.57
Significant Accounting Policies			
Notes on Financial Statements	**1 to 16**		

As per our report attached of even date

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

G. SANKAR
Partner
Membership No.: 46050

Mumbai
Dated : May 23, 2012

For and on Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

VINEET GOEL
Chief Financial Officer

E. A. KSHIRSAGAR
Director

GAURANG SHAH
Chief Corporate Counsel & Company Secretary

Mumbai
Dated : May 23, 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	Notes	Year Ended 31-Mar-12	Year Ended 31-Mar-11
INCOME			
Revenue from Operations	**9**	**24,469.94**	23,248.90
Other Income	**10**	**846.04**	517.49
TOTAL REVENUE		**25,315.98**	23,766.39
EXPENDITURE			
Cost of Materials Consumed	**11**	**12,143.65**	12,185.80
Purchases of Stock in Trade	**11**	**1,448.56**	1,356.71
Changes in Inventories of finished goods, work in progress & stock in trade	**11**	**231.13**	(804.52)
Employee Benefit Expenses	**12**	**4,850.71**	4,693.60
Finance Costs	**13**	**877.83**	820.69
Depreciation		**631.43**	611.11
Other Expenses	**14**	**5,083.44**	4,776.05
TOTAL EXPENSES		**25,266.75**	23,639.44
Profit Before Exceptional Items & Taxes		**49.23**	126.95
Exceptional Items	**15**	**—**	(80.98)
Profit Before Taxes		**49.23**	207.93
Tax Expenses			
Current Tax		**75.22**	22.27
Deferred Tax (Net)		**42.83**	(3.10)
MAT Credit available for set off		**(16.00)**	(57.80)
Tax Adjustments in respect of earlier years		**—**	(26.22)
Profit/(Loss) for the year		**(52.81)**	272.78
Earnings per Share (Basic & Diluted) (Face Value of ₹ 5/- per Share)		**(0.18)**	0.95
Significant Accounting Policies Notes on Financial Statements	**1 to 16**		

As per our report attached of even date

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

G. SANKAR
Partner
Membership No.: 46050

Mumbai
Dated : May 23, 2012

For and on Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

VINEET GOEL
Chief Financial Officer

E. A. KSHIRSAGAR
Director

GAURANG SHAH
Chief Corporate Counsel & Company Secretary

Mumbai
Dated : May 23, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

		Year Ended 31-Mar-12		Year Ended 31-Mar-11	
I.	**CASH FLOW ARISING FROM OPERATING ACTIVITIES:**				
	Net Profit before Tax and Exceptional items		**49.23**		126.95
	Add Back:				
	(a) Depreciation	**631.43**		611.11	
	(b) Interest	**588.92**		649.01	
	(c) Debit balances written off	**137.47**		206.82	
	(d) Foreign Exchange Loss	**76.09**		—	
	(e) Prov. for Doubtful Debts/Other Advances	**(36.70)**		(5.79)	
	(f) Leave Encashment Provision	**(8.38)**		3.79	
	(g) Difference in translation reserve	**(339.61)**		(141.18)	
	(h) Provision for Gratuity	**23.20**	**1,072.43**	(51.59)	1,272.17
	Deduct:				
	(a) Income from Investments (Dividend)	**0.62**		0.61	
	(b) Surplus on Sale of Assets	**48.86**		130.63	
	(c) Surplus on Sale of Investments	**—**		6.66	
	(d) Unclaimed Credit balances appropriated	**288.75**		73.40	
	(e) Diminution in the value of investment	**—**		55.22	
	(f) Foreign Exchange Gains	**—**	**338.23**	126.37	392.89
	Operating Profit Before Working Capital Changes		**783.43**		1,006.23
	Deduct:				
	(a) Increase in Inventories	**—**		1,368.40	
	(b) Increase in Trade Receivables & Advances	**—**		1,223.50	
	(c) Decrease in Trade and other Payables	**772.86**	**772.86**	—	2,591.90
	Add:				
	(a) Decrease in Inventories	**177.29**		—	
	(b) Decrease in Trade Receivables & Advances	**882.97**		—	
	(c) Increase in Trade and other Payables	**—**	**1,060.26**	2,799.47	2,799.47
			1,070.83		1,213.80
	Income Taxes Paid		**55.48**		(44.14)
	Net Cash Inflow/(Outflow) from Operations (A)		**1,015.35**		1,257.94
II.	**CASH FLOW ARISING FROM INVESTING ACTIVITIES:**				
	Inflow:				
	(a) Sale of Fixed Assets	**105.31**		170.91	
	(b) Income from investments (Dividend)	**0.62**		0.61	
	(c) Sale/Redemption of other Investments	**—**	**105.93**	209.58	381.10
	Deduct:				
	Outflow:				
	(a) Acquisition of Fixed Assets	**583.60**	**583.60**	234.30	234.30
Net Cash Inflow/(Outflow) in course of Investing Activities (B)			**(477.67)**		146.80

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	Year Ended 31-Mar-12		Year Ended 31-Mar-11	
III. CASH FLOW ARISING FROM FINANCING ACTIVITIES:				
Inflow :				
(a) Increase in Preference Capital + Application for Preference Capital	**100.48**		592.00	
(b) Surplus of Welfare Trusts	**—**		427.43	
(c) Increase in Term Loan	**315.99**		—	
(d) Increase in unsecured loan	**903.00**		122.00	
(e) Increase in Working Capital Borrowings	**—**	**1,319.47**	66.62	1,208.05
Deduct :				
Outflow :				
(a) Foreign Exchange Loss	**—**		(34.55)	
(b) Repayment of Term Loan	**1,172.58**		1,799.04	
(c) Decrease in Working Capital Borrowings	**101.40**		—	
(d) Net interest Paid	**599.49**	**1,873.47**	618.12	2,382.61
Net Cash Inflow/(Outflow) in course of Financing Activities (C)		**(554.00)**		(1,174.56)
Net Increase/(Decrease) in cash/Cash Equivalents (A+B+C)		**(16.32)**		230.17
Add: Balance at the begining of the year		**716.39**		486.22
Cash/Cash Equivalents at the close of the year		**700.07**		716.39
Net Increase/(Decrease) in cash/Cash Equivalents		**(16.32)**		230.17

As per our report attached of even date

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

G. SANKAR
Partner
Membership No.: 46050

Mumbai
Dated : May 23, 2012

For and on Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

VINEET GOEL
Chief Financial Officer

E. A. KSHIRSAGAR
Director

GAURANG SHAH
Chief Corporate Counsel & Company Secretary

Mumbai
Dated : May 23, 2012

SIGNIFICANT ACCOUNTING POLICIES

1. **BASIS OF CONSOLIDATION**

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

(A) Basis of accounting:

(i) The Financial Statements of the subsidiary companies used in the preparation of the Consolidated Financial Statements are drawn up to the same reporting date as that of the Company i.e. 31st March, 2012.

(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 polices for like transactions and other events in similar circumstances and are presented in the same manner as the Parent's separate financial statements. Considering that financial statements of the subsidiaries have been prepared under diverse laws and regulations applicable to the respective countries of residence of the subsidiaries i.e. Canada, France, Italy, Singapore, Hong Kong, these consolidated financial statements have been prepared substantially in the same format adopted by parent to the extent possible.

(C) The subsidiary companies which are included in consolidation and the percentage of ownership interest therein of the Parent as on 31st March, 2012 are as under:

Sr. No	Name of the Subsidiary	% of Ownership interest as on 31.03.2012	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

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

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

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

(d) Depreciation on assets of the overseas subsidiaries are provided over its useful economic life determined by the management of the respective subsidiary, as under:

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

*Aesa Air-engineering, SA France and its subsidiaries

(e) Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the date of such addition or up to the date of such sale/disposal as the case may be.

(f) Depreciation on revalued assets is calculated on the replacement value at the rates considered applicable by the valuers and is charged to Profit and Loss account. In respect of revalued building of SPM, the difference between depreciation on replacement value and on written down value basis is drawn from revaluation reserve created on revaluation to the extent the balance in such reserve is available.

SIGNIFICANT ACCOUNTING POLICIES — (Contd.)

6. IMPAIRMENT OF ASSETS

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

(a) An impairment loss is recognized where the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at weighted average cost of capital.

(b) After impairment, depreciation is provided in subsequent periods on the revised carrying amount of the asset over its remaining useful life.

(c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value in use after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

7. INTANGIBLE ASSETS

(a) Intangible Assets are stated at cost of acquisition less accumulated amortization.

(b) Intangible assets are amortized over the assets useful life.

(c) Development costs including direct labour, materials and allocated overhead relating to the development of new technology are expensed in the period incurred unless a development project meets the criteria under generally accepted accounting principles for deferral and amortization. Capitalised costs are amortised using the straight-line basis over a 3 year period, which is the estimated useful life of the technology. Investment tax credits applicable to a claim for scientific research and development are treated as a reduction of the capitalised cost.

(d) Expenditure on amounts paid in respect of specific trademarks is amortized on a straight-line basis over five years.

8. INVESTMENTS

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

9. VALUATION OF INVENTORIES

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

(b) Incomplete job contracts are valued at the direct cost incurred on such contracts.

10. EMPLOYEE BENEFITS

(A) Short Term Employee Benefits

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

(B) Post-Employment Benefits

(a) Defined Contribution Plans:

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

(b) Defined Benefits Plans:

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

SIGNIFICANT ACCOUNTING POLICIES — (Contd.)

ii. In respect of employees, other than those working at manufacturing facilities, provident fund contributions are made to a trust administered by trustees. The interest payable by the trust to the members shall not be lower than the statutory rate declared by the Central Government and shortfall, if any, shall be made good by the Company.

iii. Actuarial gains and losses are immediately recognized in the Profit and Loss Account of the year without resorting to any amortization/deferment.

iv. The Canadian subsidiary has contributions towards pension/social securities which are charged to profit & loss account as and when incurred and the French subsidiary provides for the liability on accrual basis. The subsidiaries have no further obligation beyond making the contribution.

v. The company's overseas subsidiaries account for the defined benefits which are accounted on accrual basis. The difference between the accrual amounts and actuarial valuations are not expected to be material

(C) Termination Benefits

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

11. EMPLOYEE STOCK OPTION SCHEME

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

12. PROVISIONS AND CONTINGENT LIABILITIES

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

13. FOREIGN CURRENCY TRANSACTIONS

(a) Foreign currency transactions are recorded on initial recognition at the exchange rate in force on the date of the transaction. Exchange differences arising on settlement of monetary items (cash, receivables, payables, etc.) are recognized in profit and loss account in the period in which they arise.

(b) Foreign currency monetary items are reported at exchange rates prevailing at the end of the accounting period and the gains/losses are recognized in the Profit and Loss Account.

(c) The premium or discount arising at the inception of forward exchange contracts is amortized as an expense or an income over the life of the contract.

14. EXPENSES ON ISSUE AND PREMIUM ON REDEMPTION OF SECURITIES

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

15. TAXES ON INCOME

(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 31ST MARCH, 2012

₹ Lacs

		As at 31-Mar-12	As at 31-Mar-11
NOTE 1 : SHARE CAPITAL			
AUTHORISED			
4,61,70,400	(P.Y. 4,61,70,400) Equity Shares of ₹ 5/- each	**2,308.52**	2,308.52
6,92,480	(P.Y. 6,92,480) Preference Shares of ₹ 100/- each	**692.48**	692.48
		3,001.00	3,001.00
ISSUED, SUBSCRIBED AND PAID-UP			
2,86,82,550	(P.Y. 2,86,82,550) Equity Shares of ₹ 5/- (P.Y. ₹ 5/-) each fully paid	**1,434.13**	1,434.13
6,92,480	(P.Y. 4,78,000) 5% — 5 Year Redeemable Non-cumulative Preference shares of ₹ 100/- each	**692.48**	478.00
		2,126.61	1,912.13

Notes:

Of the above:

Equity Shares

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

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

Particulars	**2011-12**	2010-11
Opening Number of Equity Shares	**2,86,82,550**	2,86,82,550
Add: Fresh Equity Shares issued during the year	**—**	—
Closing Number of Equity Shares	**2,86,82,550**	2,86,82,550

The detail of Share holder holding more than 5% equity shares is as under:

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

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

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

Preference Shares

2,14,480 5% Non-Cumulative Preference Shares of ₹ 100 each were alloted during the year. 4,78,000 shares are redeemable on 27th March, 2016 and 2,14,480 shares are redeemable on 19th June 2016.

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

Particulars	**2011-12**	2010-11
Opening Number of Preferance Shares	**4,78,000**	—
Add: Fresh Preference Shares issued during the year	**2,14,480**	4,78,000
Closing Number of Preference Shares	**6,92,480**	4,78,000

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

Name of Shareholder	**No. of Shares**	No. of Shares
Mr. Pratap Bhogilal	**6,92,480**	4,78,000
% Shareholding	**100%**	100%

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	As at 31-Mar-12		As at 31-Mar-11	
NOTE 2 : RESERVES AND SURPLUS				
Capital Reserves				
As per last Balance Sheet		**25.00**		25.00
Capital Redemption Reserve				
As per last Balance Sheet	**95.60**		620.98	
Less: Transferred to General Reserve	**—**		620.98	
Add: Transferred from Proft and Loss Account	**30.00**	**125.60**	95.60	95.60
Revaluation Reserve				
As per last Balance Sheet	**450.88**		431.58	
Less: Amount withdrawn on account of depreciation on revalued assets	**2.29**		2.55	
Add: Addition during the year	**16.37**	**464.96**	21.86	450.88
Securities Premium Reserve				
As per last Balance Sheet		**393.01**		393.01
General Reserve				
As per last Balance Sheet	**1,224.39**		603.41	
Add: Transfer from Capital Redemption Reserve	**—**	**1,224.39**	620.98	1,224.39
Investment Allowance Reserve Utilised				
As per last Balance Sheet		**63.05**		63.05
Foreign Currency Translation Reserve				
As per last Balance Sheet	**(265.32)**		(101.22)	
Add: For the current year	**(344.48)**	**(609.80)**	(164.10)	(265.32)
		1,686.21		1,986.61
Surplus				
Opening Balance in Profit & Loss Account	**2,158.34**		1,981.16	
Add: Profit/Loss from Profit & Loss Account	**(52.81)**		272.78	
Less: Transfer to Capital Redemption Reserve	**30.00**	**2,075.53**	95.60	2,158.34
Closing Balance in Profit & Loss Account		**2,075.53**		2,158.34
TOTAL		**3,761.74**		4,144.95

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	As at 31-Mar-12	As at 31-Mar-11
NOTE 3 : NON-CURRENT LIABILITIES		
Long Term Borrowings		
Secured Term Loans		
FROM BANKS		
Rupee Term Loans		
– Securities (Refer Standalone Note 16 -I - a & b)		
Repayment Terms		
Repayable in E.M.I of ₹ 5.67 lacs, maturing in May, 2013	**460.13**	493.79
Repayable in Monthly Installments of ₹ 20.83 Lacs for 11 months and ₹ 16.67 lacs for 12 months, maturing in February, 2014.		
Car Loan (Secured by hypothecation of Vehicle)	**1.29**	3.34
Repayable in EMI of ₹ 0.15 lacs, maturing in December, 2013		
Foreign Currency Term Loan	**857.86**	1,296.28
Repayment Terms		
Repayable in Quarterly Installments of CAD 225000 for 1 Quarter and CAD 144000 for 4 Quarters, maturing on 3rd April, 2013.		
Repayable in Quarterly Installments of Euro 41875 for 1 Quarter and Euro 26800 for 4 Quarters,maturing on 27th June, 2013.		
Repayable in Quarterly Installments of USD 30165 for 3 Quarter and USD 19306 for 4 Quarters,maturing on 2nd November, 2013.		
Repayable in Quarterly Installments of Euro 35773 for 5 Quarter		
Promissory Note Payable (Repayable after 1 year)	**376.52**	339.87
Unsecured Loans		
Loans & Advances from Related Parties		
Loan from Director	**83.00**	10.00
Repayment Terms		
Repayable after one year		
Other Loans	**594.00**	112.00
Repayment Terms		
Repayable after one year		
	2,372.80	2,255.28
Other Long Term Liabilities		
Trade Payables	**525.39**	606.92
Advances and Deposits from Customers	**518.35**	908.76
Interest accrued and due on loans	**13.14**	11.75
Employee Related and Other Liabilities	**212.07**	157.44
	1,268.95	1,684.87
Long Term Provisions		
Provision for Employee Benefits		
Provision for Gratuity	**577.00**	545.06
Provision for Leave Encashment	**115.41**	129.40
Warranty Provision	**73.68**	99.69
	766.09	774.15

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	As at 31-Mar-12	As at 31-Mar-11
NOTE 4 : CURRENT LIABILITIES		
Short Term Borrowings		
SECURED		
Loans repayable on demand		
From Banks		
Cash Credit and Working Capital Borrowings	**2,571.54**	2,672.95
UNSECURED		
Inter Corporate Deposits	**348.00**	—
	2,919.54	2,672.95
Trade Payables		
Due to Micro Small and Medium Enterprises (Refer Note 16-II)	**54.28**	94.84
Others	**4,471.90**	5,491.49
	4,526.18	5,586.33
Other Current Liabilities		
Advances and Deposits from Customers	**2,362.79**	1,763.27
Unclaimed Dividend*	**8.83**	8.84
Current maturities of Long Term Loan		
Rupee Term Loan from bank	**352.29**	543.54
Foreign Currency Term loan	**473.62**	573.88
Car Loan (Secured by hypothecation of Vehicle)	**2.05**	1.86
Interest accrued but not due on loans	**51.75**	63.72
Statutory, Legal & Employee related and Other Liabilities	**895.64**	1,042.52
	4,146.97	3,997.63
Short Term provisions		
Provision for Employee Benefits:		
Provision for Gratuity	**34.27**	43.01
Provision for Leave Encashment	**83.19**	77.59
Warranty Provisions	**85.73**	96.49
	203.19	217.09

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

NOTE 5 : FIXED ASSETS

	GROSS BLOCK					DEPRECIATION/AMORTISATION					NET BLOCK	
	As at 1-Apr-11	Additions/ Adjustments	Deductions/ Adjustments	Exchange Difference	**As at 31-Mar-12**	Upto 31-Mar-11	For the Year	Deductions/ Adjustments**	Exchange Difference	Upto 31-Mar-12	**As at 31-Mar-12**	As at 31-Mar-11
Tangible Assets												
Land (Freehold)	2,003.99	—	—	7.74	**2,011.73**	—	—	—	—	—	**2,011.73**	2,003.99
Land (Leasehold)*	434.49	—	—	—	**434.49**	—	—	—	—	—	**434.49**	434.49
Buildings*												
On Freehold Land	2,124.57	43.94	—	61.95	**2,230.46**	1,069.60	59.49	2.29	39.05	1,170.42	**1,060.04**	1,054.96
On Leasehold Land	1,028.49	—	(4.03)	75.78	**1,100.23**	283.48	31.24	(3.19)	9.86	321.39	**778.84**	745.00
Plant & Machinery	6,116.64	316.55	(0.30)	57.98	**6,490.87**	4,625.67	100.52	(2.23)	51.95	4,775.91	**1,714.96**	1,490.98
Office equipment/ computers etc.	1,511.58	53.67	(39.34)	69.45	**1,595.37**	1,357.60	40.28	(18.59)	64.96	1,444.25	**151.12**	153.99
Furniture, Fixtures, Fans and Electrical Fittings	402.18	4.60	—	19.46	**426.24**	303.61	15.88	(1.03)	17.58	336.03	**90.20**	98.58
Vehicles	54.88	35.94	(37.33)	2.53	**56.01**	32.40	3.68	(1.80)	2.42	36.71	**19.31**	22.47
Total Tangible Assets	**13,676.83**	**454.70**	**(81.00)**	**294.88**	**14,345.41**	**7,672.36**	**251.09**	**(24.55)**	**185.81**	**8,084.71**	**6,260.69**	**6,004.47**
Intangible Assets Technical Know-how	3,723.29	180.97	(679.16)	343.58	3,568.68	1,872.96	380.34	(679.16)	165.53	1,739.67	**1,829.00**	1,850.32
TOTAL	**17,400.11**	**635.68**	**(760.16)**	**638.45**	**17,914.08**	**9,545.32**	**631.43**	**(703.71)**	**351.35**	**9,824.38**	**8,089.69**	7,854.79
(Previous Year)	(17,323.73)	(169.92)	(-364.28)	(270.72)	(17,400.11)	(9,118.09)	(611.11)	(-324.00)	(140.14)	(9,545.32)	(7,854.79)	(7,840.00)
Capital Work-in-Progress											**281.03**	333.10
(Previous Year)											(333.10)	(281,73)
TOTAL											**8,370.72**	**8,187.89**
(Previous Year)											(8,187.89)	(8,121.73)

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

** Includes ₹ 2.29 Lacs being the depreciation on revalued assets drawn from Revaluation Reserve (SPM).

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	Numbers 31-Mar-12	Numbers 31-Mar-11	Face Value (Each ₹)	As at 31-Mar-12	As at 31-Mar-11
NOTE 6 : NON-CURRENT INVESTMENTS					
TRADE INVESTMENTS					
Investment in equity Instruments:					
In fully paid Equity Shares (Un-quoted):					
Batliboi Environmental Engineering Ltd.	**1,908,930**	1,908,930	10.00	**191.21**	191.21
NON-TRADE INVESTMENTS					
Investment in equity Instruments:					
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
Shamrao Vitthal Co.-op. Bank Ltd.	**20,000**	20,000	25.00	**5.00**	5.00
SUB-TOTAL				**5.27**	5.27
Investment in Preference Instruments:					
In fully paid 4% Cumulative Preference Shares (Quoted):					
The Khatau Makanji Spg. & Wvg. Co. Ltd.	**5.00**	5 .00	100.00	**0.01**	0.01
SUB-TOTAL				**0.01**	0.01
TOTAL				**246.54**	246.54
Less: Provision for diminution in value of investments				**(49.55)**	(49.55)
GRAND TOTAL				**196.99**	196.99
Aggregate value of Quoted Investments				**50.06**	50.06
Less: Provision for diminution in value of investments				**(49.55)**	(49.55)
Net Value of Quoted Investments				**0.51**	0.51
Market Value of Quoted Investment				**—**	—
Aggregate value of Un-Quoted Investments				**196.48**	196.48

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

		As at 31-Mar-12		As at 31-Mar-11
NOTE 7 : LONG TERM LOANS & ADVANCES AND OTHER NON CURRENT ASSETS				
Long Term Loans & Advances				
Unsecured Considered Good Unless Specified Otherwise				
Capital Advances		**4.33**		1.50
Security & Other Deposits		**92.08**		38.31
Considered Doubtful	**31.42**		56.83	
Less : Provision for doubtful deposits	**31.42**	**—**	56.83	—
SUB TOTAL		**92.08**		38.31
Other Loans & Advances				
Staff Loans		**5.80**		5.28
Advances recoverable in cash or in kind or for value to be received		**127.96**		125.86
SUB TOTAL		**133.76**		131.14
MAT Credit Available for set off		**73.80**		57.80
		303.97		228.76
Other Non-Current Assets				
Long Term Trade Receivables				
UNSECURED				
Debts outstanding Considered Good		**232.32**		456.87
Considered Doubtful	**346.78**		341.99	
Less: Provision for doubtful debts	**346.78**	**—**	341.99	—
		232.32		456.87
Cash and Cash Equivalents				
In Bank Deposits (towards Margin on Guarantees/LC's (Deposit receipts pledged with the Banks)		**141.71**		130.51
		374.03		587.38

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	As at 31-Mar-12	As at 31-Mar-11
NOTE 8 : CURRENT ASSETS		
Current Investments		
Investments in Mutual Funds in France	**249.09**	33.66
	249.09	33.66
Inventories (valued at lower of Cost or Net Realisable value)		
Raw Materials	**2,867.24**	2,779.80
Work-in-Progress	**1,953.19**	2,162.61
Stock of machines, including own manufactured	**362.09**	383.80
Stores and Spare Parts	**24.35**	43.77
Loose Tools	**5.02**	16.17
Value of incomplete job contracts carried forward	**—**	3.04
	5,211.89	5,389.19
Trade Receivables		
UNSECURED		
Debts outstanding for a period exceeding six months Considered Good	**2,424.10**	2,960.41
Debts outstanding for a period less than six months Considered Good	**2,242.79**	2,832.68
	4,666.89	5,793.09
Cash and Cash Equivalents		
Cash and Cheques on hand and at collection centres	**16.62**	26.00
Balances with Scheduled Banks **:**		
In Current Account	**532.91**	551.04
Balances with Banks for unpaid Dividends	**8.83**	8.84
	558.36	585.88
Short Terms Loans and Advances		
Unsecured Considered Good Unless Specified Otherwise		
Advances recoverable in cash or in kind or for value	**699.73**	806.46
Staff Loans	**6.09**	7.22
Deposit	**62.64**	38.96
Balances with Excise, Sales Tax and Service Tax	**254.21**	338.89
Taxes paid in advance and deducted at source (net of Provision for tax)	**46.50**	27.48
	1,069.17	1,219.01

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	Year Ended 31-Mar-12		Year Ended 31-Mar-11	
NOTE 9 : REVENUE FROM OPERATIONS				
Sale of Products	**23,759.76**		22,743.78	
Sale of Services	**1,151.36**		990.37	
Other Operating Revenue	**485.20**	**25,396.32**	474.52	24,208.67
Less : Excise Duty		**926.38**		959.77
		24,469.94		23,248.90
NOTE 10 : OTHER INCOME				
Dividend		**0.62**		0.61
Exchange Difference Gains		**317.05**		132.68
Profit on Sale of Fixed Assets		**49.02**		163.48
Profit on Sale of Investments (Net)		**—**		3.66
Excess Provision of earlier years written back		**61.47**		55.22
Diminution in the value of investment		**(20.61)**		(2.81)
Unclaimed Credit Balances written back		**288.75**		73.40
Liability Written Back		**48.45**		—
Interest		**34.06**		19.60
Miscellaneous Receipts		**67.23**		71.64
		846.04		517.49
NOTE 11 : COST OF MATERIALS CONSUMED				
Raw Materials Consumed	**11,476.90**		11,377.95	
Less: Self Consumption for Job Contracts	**18.17**	**11,458.73**	145.67	11,232.28
Cost of Job Contracts		**364.75**		584.42
Cost of Services Rendered		**103.38**		137.58
Job work charges incurred		**216.79**		231.52
		12,143.65		12,185.80
NOTE 11 : PURCHASE OF STOCK IN TRADE				
Purchase of Stock in trade		**1,448.56**		1,356.71
		1,448.56		1,356.71
NOTE 11 : CHANGE IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE				
Stock at close:				
Work-in-Process	**1,953.19**		2,162.61	
Stock of Machines and Own Manufactured Machines (Including excise duty)	**362.09**	**2,315.28**	383.80	2,546.41
Less:				
Stock at Commencement :				
Work-in-Process	**2,162.61**		1,313.62	
Stock of Machines and Own Manufactured Machines (Including excise duty)	**383.80**	**2,546.41**	428.27	1,741.89
		231.13		(804.52)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ Lacs

	Year Ended 31-Mar-12	Year Ended 31-Mar-11
NOTE 12 : EMPLOYEE BENEFIT EXPENSES		
Salaries, wages, Allowances and Bonus	**4,078.76**	3,876.68
Contribution to Provident and Other Funds	**518.36**	522.43
Payments & Provision for Gratuity	**72.80**	121.93
Staff Welfare Expenses	**180.79**	172.56
	4,850.71	4,693.60
NOTE 13 : FINANCE COST		
Interest Expenses	**588.92**	649.01
Other Borrowing cost	**212.82**	123.10
Applicable Loss on Foreign Currency Transaction and Translation	**76.09**	48.58
	877.83	820.69
NOTE 14 : OTHER EXPENSES		
Rent	**253.02**	233.80
Rates and Taxes	**112.00**	86.64
Power and Fuel	**219.38**	227.94
Insurance	**92.05**	81.31
Sales Commission	**522.00**	570.97
Exhibitions/Advertisement Expenses	**123.76**	147.33
Printing and Stationery	**53.56**	55.77
Travelling and Conveyance	**772.06**	670.35
Audit, Legal and Professional Charges	**335.65**	234.71
Vehicle Maintenance	**78.12**	65.63
Packing and Cartage	**509.92**	439.90
Stores & Loose Tools Consumed	**272.60**	195.18
Repairs to Machinery	**43.08**	47.87
Repairs to Buildings	**43.67**	56.61
Repairs to Other Assets	**56.11**	46.50
Outsourced Services	**591.76**	488.99
Discounts and Allowances to Customers	**15.76**	15.38
Directors' Sitting Fees	**39.82**	20.12
Donation	**0.32**	0.02
Loss on Sale/Assets Written Off	**0.16**	24.86
Bad Debts	**137.47**	207.30
Provision for Doubtful Debts/Advances	**(36.70)**	(5.79)
Miscellaneous Expenses	**847.87**	864.66
	5,083.44	4,776.05
NOTE 15 : EXCEPTIONAL ITEMS		
Legal Claims	**—**	346.45
Amounts received from Welfare Trusts	**—**	(427.43)
(Income)/Expense	**—**	(80.98)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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 ₹ 491.61 Lacs (Previous Year ₹ 126.39 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 ₹ 147.41 Lacs (Previous Year ₹ 140.44 Lacs) has been charged to the Consolidated Profit and Loss account.

3. **Segment Reporting:**

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

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

   The group has classified its business into four major segments:

   (a) *Machine Tool Business Group*, which handles manufacturing and marketing (including trading and agency business) of machine tool and components e.g. CNC and GPM machines, machine castings, machine carcasses, cranes etc.

   (b) *Textile Engineering Group*, which deals in manufacturing and marketing of textile air-engineering range i.e. humidification & temperature control, waste recovery and auto control systems, besides marketing (including trading and agency business) of textile machinery e.g. circular knitting, spinning and flat-knitting machines etc.

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

   (d) *Others*, which covers remaining business i.e. agro-industrial products (e.g. pumps/motors), air and water treatment jobs etc.

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

₹ Lacs

	Machine Tools Group		Textile Engineering Group		Air-conditioning & Refrigeration Group		Others		Un-allocated		Total Co.	
	2011-12	2010-11	**2011-12**	2010-11	**2011-12**	2010-11	**2011-12**	2010-11	**2011-12**	2010-11	**2011-12**	2010-11
Segment Revenue												
Total Segment Revenue	**12,582.92**	11,606.30	**11,248.49**	10,659.49	**440.45**	777.47	**—**	—	**198.08**	205.63	**24,469.94**	23,248.90
Segment Revenue from external customers	**12,582.92**	11,606.30	**11,248.49**	10,659.49	**440.45**	777.47	**—**	—	**198.08**	205.63	**24,469.94**	23,248.90
Segment Results												
Profit/(Loss) before Interest & Tax	**106.04**	(254.33)	**205.83**	582.59	**(102.64)**	(145.81)	**—**	—	**717.83**	846.17	**927.06**	1,028.62
(Less): Finance Cost	**—**	—	**—**	—	**—**	—	**—**	—	**877.83**	820.69	**877.83**	820.69
Total Profit/(Loss) before Tax	**106.04**	(254.33)	**205.83**	582.59	**(102.64)**	(145.81)	**—**	—	**(160.00)**	25.48	**49.23**	207.93
Less: Tax Expenses									**102.04**	(64.86)	**102.04**	(64.86)
Total Profit/(Loss) after Tax	**106.04**	(254.33)	**205.83**	582.59	**(102.64)**	(145.81)	**—**	—	**(262.04)**	90.34	**(52.81)**	272.78
Segment wise Capital Employed	**7,381.77**	5,722.99	**(173.23)**	90.69	**155.29**	151.90	**(1.65)**	(1.65)	**2,487.54**	1,836.88	**9,849.72**	7,800.81
(Segment Assets Less Segment Liabilities)												
Segment Assets	**10,933.92**	11,046.98	**4,890.16**	6,077.83	**603.92**	758.25	**0.47**	0.47	**5,742.36**	5,508.04	**22,170.83**	23,391.57
Segment Liabilities	**3,552.15**	5,323.99	**5,063.39**	5,987.14	**448.63**	606.35	**2.12**	2.12	**3,254.82**	3,671.16	**12,321.11**	15,590.76
Capital Expenditure	—	—	—	—	—	—	**—**	—	**281.03**	333.10	**281.03**	333.10
Depreciation	**413.19**	375.60	**127.49**	143.17	**1.91**	2.61	**22.78**	22.50	**66.07**	67.23	**631.43**	611.11
Non cash expenses other than Depreciation	—	—	—	—	—	—	—	—	—	—	—	—

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 16 : (Contd.)

(ii) Secondary Segment Reporting

The geographic segments considered for disclosure are as follows:

₹ Lacs

	2011-12			2010-11		
	Indian Operations	**Foreign Operations**	**Total**	Indian Operations	Foreign Operations	Total
Revenue by Geographic Market	**15,815.06**	**8,654.89**	**24,469.94**	16,075.27	7,173.63	23,248.90
Addition to Fixed Assets and Intangible Assets	**375.17**	**260.51**	**635.68**	70.83	99.08	169.91
Carrying Amount of Segment Assets	**15,956.82**	**6,214.01**	**22,170.83**	17,188.54	6,203.03	23,391.57

4. Related Party Disclosures:

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

Transactions & Outstanding Balances:

₹ Lacs

		Entities		Key Management Personnel & their Relatives	
		2011-12	2010-11	**2011-12**	2010-11
I.	**Transactions**				
	Purchase of goods/materials/services/fixed assets/ investments	**1136.30**	717.20	**—**	—
	Sale of goods/materials/services/fixed assets/ investments/recovery of expenses	**482.93**	698.68	**—**	—
	Rent/License fee received	**0.54**	4.81	**5.40**	—
	Interest Paid/(Received)	**6.26**	7.93	**19.05**	5.49
	Unsecured Loans received	**260.00**	—	**265.00**	70.00
	Loans & Advances in cash or kind received / (refunded) (Net)	**266.74**	310.00	**—**	—
	Preference Share Capital	**—**	—	**100.48**	478.00
	Preference Share Application Money	**—**	—	**—**	114.00
	Gross Salary/Remuneration	**—**	—	**115.07**	104.01
II.	**Outstanding Balances as at 31st March, 2012 i.r.o:**				
	Unsecured Loans received	**312.00**	57.27	**335.00**	74.43
	Trade Advances – Given	**266.00**	220.30	**—**	—
	Other receivable (for goods, services & other items)	**667.03**	522.40	**—**	—
	Other payables (for goods, services & other items)	**263.22**	321.06	**—**	—

5. Basic & Diluted Earnings per Share:

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

Basic & Diluted Earnings per Share:

	Workings of EPS	2011-12	2010-11
A.	Profit after tax		
	Net Profit/(Loss) available for Equity Shareholders : ₹ Lacs	**(52.81)**	272.78
B.	Weighted average number of Equity shares for computation of Basic & Diluted Earning per Share: Nos.	**2,86,82,550**	2,86,82,550
C.	Basic & Diluted Weighted Average Earning/(Loss) Per Share: ₹	**(0.18)**	0.95

Note: Options under the employee stock option scheme have not been vested as at the balance sheet date. Therefore they have not been considered for diluted earning per share.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 16 : (Contd.)

6. Taxes on Income:

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

₹ Lacs

		31-Mar-12	31-Mar-11
i	Deferred Tax Assets:		
	Unabsorbed business loss/unabsorbed depreciation	**321.24**	340.41
	Provision for Doubtful Debts, Advances, Diminution in Value of Investments and Employee Benefits	**114.22**	153.03
ii.	Deferred Tax Liabilities:		
	Depreciation on Fixed Assets	**514.22**	525.63
iii.	Net Deferred Tax Assets/(Liabilities)	**(78.76)**	(32,19)

7. The Company has investment 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 the said company, there is no diminution other than temporary, in the value of the Investment.

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

Out of the above reserved options, 10,00,000 options have been granted. The date of grant of option is 23rd January, 2012. The granted options would vest in the eligible employees as follows:

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

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. Till the year ended 31st March, 2011, the company was using the pre-revised schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified and regrouped the previous year figures to conform to current year. Figures in bracket represent previous year's figures.

As per our report attached of even date

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

G. SANKAR
Partner
Membership No.: 46050

Mumbai
Dated : May 23, 2012

For and on Behalf of the Board of Directors

NIRMAL BHOGILAL
Chairman & Managing Director

VINEET GOEL
Chief Financial Officer

E. A. KSHIRSAGAR
Director

GAURANG SHAH
Chief Corporate Counsel & Company Secretary

Mumbai
Dated : May 23, 2012

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, 2012

Rs. In Lakhs

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in Subsidiaries	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
1	Queen Project (Mauritius) Ltd.	MUR	1.80	2,726.75	(65.93)	2,806.22	2,806.22	—	—	(17.21)	—	(17.21)	—	Mauritius
2	Vanderma Holdings Ltd.	CAD	50.95	2.65	2,698.29	2,973.67	2,973.67	—	—	(11.09)	0.07	(11.17)	—	Cyprus
3	Pilatus View Holdings AG	CHF	56.38	2,036.16	41.28	2,091.76	2,091.76	—	—	(10.42)	0.34	(10.75)	—	Switzerland
4	Quickmill Inc.	CAD	50.95	1,570.58	1,653.23	5,556.88	5,556.88	—	5,803.72	240.02	60.74	179.28	—	Canada
5	Aesa Air Engineering S. A.	EUR	67.89	397.16	(859.44)	2,176.37	2,176.37	249.09	5,194.74	(319.77)	—	(319.77)	—	France
6	Aesa Air Engineering S.P.A.	EUR	67.89	67.89	72.83	400.57	400.57	—	—	(15.89)	0.76	(16.66)	—	Italy
7	Aesa Air Engineering Pte Limited	SGD	40.48	40.48	64.82	110.23	110.23	—	—	14.43	0.86	13.56	—	Singapore
8	Aesa Air Engineering Limited.	HKD	6.55	0.66	5.14	7.29	7.29	—	—	(3.48)	—	(3.48)	—	Hongkong
9	Aesa Air Engineering Limited.	RMB	8.08	86.07	(354.70)	680.59	680.59	—	1,526.18	(95.42)	—	(95.42)	—	China
10	Aesa Air Engineering Private Limited	INR	1.00	20.00	51.16	516.42	516.42	0.60	1,134.25	1.54	0.29	1.25	—	India
11	760 Rye Street Inc.	CAD	50.95	0.00	23.18	676.15	676.15	—	—	15.96	4.47	11.49	—	Canada

BATLIBOI LTD.

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

ADMISSION SLIP

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

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

I hereby record my presence at the 68th Annual General Meeting of the Company at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K Dubash Marg, Fort, Mumbai 400 001 on Monday, the 30th day of July, 2012 at 2.30 p.m.

....

Signature of Member / Proxy

BATLIBOI LTD.

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

PROXY

I/We ....

of .... in the district of .... being Member/

Members of the abovenamed company hereby appoint Mr. ....

....

of .... in the district of ....

or failing him, Mr. ....

of .... in the district of ....

as my/our proxy to vote for me/us and on my/our behalf at the 68th Annual General Meeting of the Company at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K Dubash Marg, Fort, Mumbai 400 001 on Monday, the 30th day of July, 2012 at 2.30 P.M. and at any adjournment thereof.

Signed this .... day of .... 2012.

One Rupee Revenue Stamp

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

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

Our Network

www.batliboi.com

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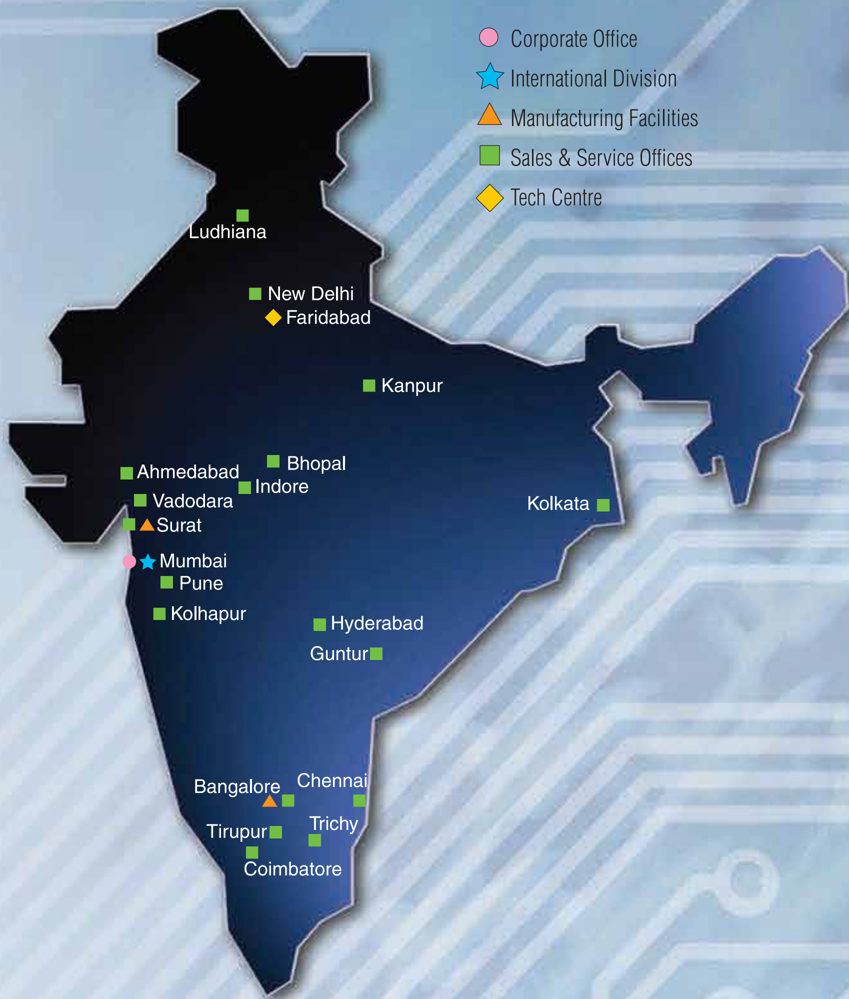
Subsidiaries of AESA
- China • India • Italy
- Singapore • Hong Kong



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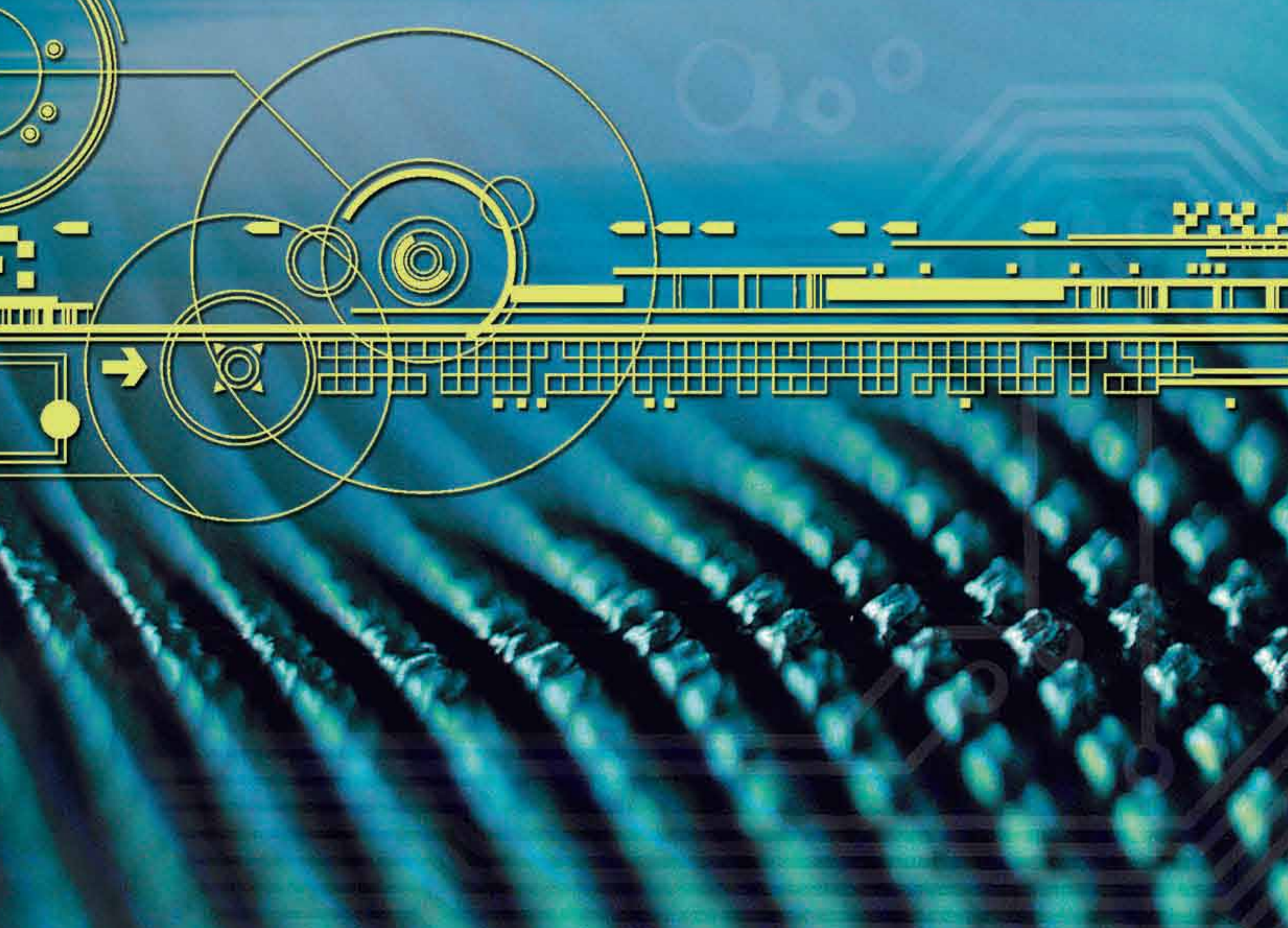

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Vakils

Design: Graphic Communication Concepts