



THE YASH BIRLA GROUP

Birla Precision Technologies Limited

**23rd Annual Report
2009-10**

BPT
BIRLA
PRECISION

ISO 9001 : 2000 &
ISO 14001 : 2004
CERTIFIED

COMPANY INFORMATION

BOARD OF DIRECTORS : Shri Yashovardhan Birla - Chairman
Shri M. S. Arora - Managing Director
Shri P. V. R. Murthy - Director
Shri Shailesh Sheth - Director
Shri M. S. Adige - Director
Shri A. P. Kurias - Director

AUDITORS : Dalal & Shah
Chartered Accountants
252, Veer Sawarkar Marg,
2nd Floor, Shivaji Park,
Dadar (W), Mumbai - 400 028

BANKERS : ICICI Bank Limited
Bank of Maharashtra

REGISTERED OFFICE : B-15/4, M.I.D.C.,
Waluj, Aurangabad - 431 133 (M.S.)

PLANT LOCATIONS: Tool Holder Division:
- B-15/4, M.I.D.C., Waluj, Aurangabad - 431 133
Tool Division:
- B-15/3/1, M.I.D.C., Waluj, Aurangabad - 431 133
- 62/63, M.I.D.C., Satpur, Nashik - 422 007

**REGISTRAR & SHARE
TRANSFER AGENTS** : M/s. Karvy Computershare Pvt. Ltd.
17-24, Vittalrao Nagar, Madhapur,
Hyderabad - 500 081 (A.P.)

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23rd Annual General Meeting
Tuesday, 28th September, 2010
at 3.30 p.m.
at Registered Office of the Company at
B-15/4, M.I.D.C., Waluj,
Aurangabad - 431 133 (M.S.)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 23RD ANNUAL GENERAL MEETING OF BIRLA PRECISION TECHNOLOGIES LIMITED will be held on Tuesday, 28th September, 2010 at 3.30 p.m., at the Registered Office of the Company at B-15/4, M.I.D.C., Waluj, Aurangabad - 431 133 (M.S.) 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, 2010 and the Balance Sheet as at that date together with the Report of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri M.S. Adige who retires by rotation and is eligible for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Chaturvedi & Shah, Chartered Accountants, (Registration no. 101720W) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company in place of M/s. Dalal & Shah, Chartered Accountants, the retiring Auditors of the Company, who have expressed their unwillingness to be re-appointed as Statutory Auditors of the Company on their retirement at this Annual General Meeting.

RESOLVED FURTHER THAT the Statutory Auditors be paid such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors.”

By Order of the Board of Directors

Place: Mumbai
Date: 31st August, 2010

M.S. Arora
Managing Director

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. The Proxy as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization.
2. The Register of Members and Share Transfer Books of the Company will be closed from Thursday, 23rd September, 2010 to Tuesday 28th September, 2010 (both days inclusive).
3. Members holding shares in physical form may be aware that trading of the Equity Shares of the Company has to be in demat form. In view of this and several other benefits of holding shares in demat mode, you are requested to have your shares dematerialized to avail the benefits of electronic form of trading.
4. Members are requested to promptly notify immediately any change in their addresses and/or the Bank Mandate details to the Company's Registrars and Share Transfer Agents for shares held in physical form and to their respective Depository Participants for shares held in electronic form. This will help the Company and its Registrars and Share Transfer Agents to provide efficient and better service to the Members.
5. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.

EXPLANATORY STATEMENT, AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Item No. 3 - Appointment of Statutory Auditors:

M/s. Dalal & Shah, Chartered Accountants, Mumbai, the present auditors who retire at this Annual General Meeting have informed the Company that they do not wish to seek re-appointment as Statutory Auditors of the Company at the forthcoming Annual General Meeting. Based on the recommendation of the Audit Committee, the Board of Directors proposes the appointment of M/s. Chaturvedi & Shah, Chartered Accountants, as the Statutory Auditors of the Company in place of M/s.

Dalal & Shah, Chartered Accountants, the retiring Auditors of the Company, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. Chaturvedi & Shah, Chartered Accountants, have expressed their willingness to act as Statutory Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956. The members approval is being sought for the appointment of M/s. Chaturvedi & Shah, Chartered Accountants, as the Statutory Auditors of the Company and to authorize the Board of Directors to determine the remuneration payable to the Statutory Auditors.

None of the Directors are concerned or interested in the said resolution. The Board recommends the resolution as mentioned in Item no.3 of the notice.

By Order of the Board of Directors

Place: Mumbai

Date: 31st August, 2010

M.S. Arora

Managing Director

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

To the Members,

Your Directors are pleased to present the Twenty Third Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS:

<u>Particulars</u>	<u>2009-10</u>	<u>2008-09</u>
	(Rs.in '000)	(Rs.in '000)
Net Sales including other Income	803627	273437
Profit before Interest, Depreciation and Tax	94251	46460
Less: Interest & Financial Charges	24168	8647
Profit before Depreciation and Taxation	70083	37813
Less: Depreciation & Amortisation	55017	28369
Profit before taxation	15066	9444
Less: Provision for taxation	5500	3806
Net Profit after taxation	9566	5638
Add/(Less) Prior period adjustments	--	(27)
Profit for the year	9566	5611
Balance of Profit & Loss account as per last Balance Sheet	126991	124194
Add: Net surplus for the year ended 31 st March, 2009 transferred from Zenith Birla (India) Limited on account of merger of Tool Division [Refer Note No. B(2)]	42609	--
Add: Net surplus as per Scheme of Merger of Tool Division of Zenith Birla (India) Limited [Refer Note No. B (2)]	174799	--
Total Profit available for appropriation	353965	129805
Appropriation:		
Transferred to General Reserve	--	942
Proposed Dividend	--	1600
Tax on Proposed Dividend	--	272
Balance carried to Balance Sheet	353965	126991

SCHEME OF ARRANGEMENT

The Scheme of Arrangement between the Company, Zenith Birla (India) Limited, Tungabhadra Holdings Private Limited and their respective shareholders has been sanctioned by the Hon'ble High Court of Bombay on 8th January, 2010. According to the Scheme, the Tooling Business of Zenith Birla (India) Limited has been demerged from Zenith Birla (India) Limited and merged with the Company. The Scheme has been made effective from 11th February, 2010. The Appointed date of the Scheme was 1st April, 2008.

The Company in consideration for the transfer of and vesting of the assets and liabilities of the Tooling Business of Zenith Birla (India) Limited, has allotted 1,60,27,996 equity shares of Rs. 2/- each to the shareholders of Zenith Birla (India) Limited in the ratio of 2 (Two) Equity share of the face value of Rs. 2/- each credited as fully paid up of the Company, for every 5 (five) Equity shares of the face value of Rs. 10/- each held in Zenith Birla (India) Limited.

PERFORMANCE REVIEW

The Net Sales and Other Income of the Company for the Financial Year 2009-10 stood at Rs. 8036.27 lacs as against Rs. 2734.37 lacs of last year. Profit After Tax stood at Rs. 95.66 lacs as against Rs. 56.11 lacs of last year.

On account of the Scheme of Arrangement being given effect to during the year under review, the figures of the year under review are not comparable with those of the year ended 31st March, 2009.

DIVIDEND

Your Directors have not recommended dividend for the year ended 31st March, 2010 considering the fund requirement for future business expansion.

INSURANCE

All properties and insurable interests of the Company including Building and Plant & Machinery have been adequately insured.

PARTICULARS OF EMPLOYEES

During the year under review, there was no employee covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

PUBLIC DEPOSIT

Your Company has not accepted any fixed deposit from the public. As such, no amount of principal or interest is outstanding as on the Balance Sheet date.

DIRECTORS

Shri M.S. Adige, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statement for the period under review. Pursuant to Section 217(2AA) of the Companies Act, 1956, and in respect of the annual accounts for the period under review, the Directors hereby confirm that:

- I) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- II) Appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- III) Proper and sufficient care for 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 have been taken to the best of their knowledge and ability;
- IV) The annual accounts have been prepared on a “going concern basis”.

AUDITORS & AUDITORS' REPORT

M/s. Dalal & Shah, Chartered Accountants, auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from M/s. Dalal & Shah, Chartered Accountants, expressing their unwillingness to be re-appointed as Auditors.

Based on the recommendation of the Audit Committee, the Board of Directors proposes the appointment of M/s. Chaturvedi & Shah, Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. Chaturvedi & Shah, Chartered Accountants, have expressed their willingness to act as Statutory Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

The notes to the Accounts are self explanatory and therefore do not call for any further comments.

The Board of Directors explanation to the Auditors adverse remark is as follows:

Auditors Adverse Remark	Directors Explanation
Cost of finished goods and goods under process of Tool Division of the Company is determined by using retail method whereby the cost is computed by reducing from the sale value of the inventory, the global gross margin which is not as per Accounting Standard AS-2 on "valuation of Inventories" referred to in sub-section (3C) of Section 211 of the Act. The impact of this on the profit for the year has not been quantified.	The Tool Division of the Company has been valuing finished goods and goods under process, since inception at lower of estimated cost and net realizable value. Estimated cost is arrived at using retail method which is arrived at by adjusting the selling price by estimated gross margin, globally for all types of products. Since valuation of finished goods and goods under process is done on the same basis followed in the past, there is no effect on the profit and loss account for the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Company has taken effective steps at every stage to reduce energy consumption and conserve energy in all phases of operation. Your Company has been continuously upgrading facilities in order to minimize power consumption, maximizing on power factors at its manufacturing locations.

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed as Annexure 'A'.

MANAGEMENT DISCUSSION & ANALYSIS REPORT AND CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis Report, Corporate Governance Report and Auditors' certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

HUMAN RESOURCE & INDUSTRIAL RELATIONS

Industrial relations were harmonious throughout the year. The Board wishes to place on record their sincere appreciation to the co-operation extended by all employees in maintaining cordial relations.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all investors, clients, vendors, banks, regulatory and Government authorities and stock exchange for their continued support. The Directors also wish to place on record their appreciation for the contribution made by business partners / associates at all levels.

For and on behalf of Board of Directors

Place: Mumbai
Date: 31st August, 2010

M.S. Arora
Managing Director

P.V.R. Murthy
Director

ANNEXURE – ‘A’ TO THE DIRECTORS’ REPORT

A. Conservation of Energy:

a) **Energy Conservation Measures Taken :** The Company has taken following measures for energy conservation during the year under review:

1. Replacement of old High Voltage Step Down Electrical Transformer to New On Load Tap Changer Transformer (OLTC) at Nasik plant. This will reduce the power transformer losses by 3% to 5%.
2. Addition of a timer to stop compressor during break period to reduce electricity consumption at Tool Holder division at Aurangabad.
3. Installation of Air Booster in CMM room to eliminate use of second compressor at Tool Holder division at Aurangabad.

b) Further R & D work is being carried on for reduction of time cycle of the Process.

c) Impact of measures of (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The above measures have resulted in energy saving and consequent decrease in the cost of production.

d) Details regarding Total Energy Consumption and Energy Consumption per unit of production is not applicable to any units of the Company.

B. Technology absorption : Research & Development.

1. **Specific Areas in which R & D carried out by the Company:**

Development of Hydraulic chucks, Sealed collets, Tap collets, precision components was undertaken during the year .

2. **Benefit derived as a result of the above R & D:**

Meet market demand of new generation tooling, which are import substitute items and export products to overseas countries.

3. **Future Plan of action:**

Future development of products such as Hydraulic Sleeves, Bonded collets of different sizes, HSK50, Tap adaptors being taken up.

4. **Expenditure on R & D:**

- | | | |
|---------------------------------|---|-----------------|
| a) Capital |) | |
| b) Recurring |) | Not Quantified. |
| c) Total |) | |
| d) Total R & D Expenditure as a |) | |
| Percentage of total turnover |) | |

5. **Technology Absorption, Adaptation and innovation :** Process of Technology transfer continued in the areas mentioned above.

C. Foreign Exchange Earning and Outgo:

1. **Activities relating to export, initiatives taken to increase exports:**

Company exports AT3 Class Tool holders, collets and precision components to U.S.A., Europe & Asia Pacific Countries. The Product quality is well accepted worldwide.

2. **Total foreign exchange used and earned:**

	2009-10	2008-09
	(Rs. in 000)	(Rs. in 000)
Total Foreign Exchange used	155449	99038
Total Foreign Exchange earned	139584	232603

MANAGEMENT DISCUSSION & ANALYSIS REPORT

GLOBAL ECONOMY

During the year under review, international economic conditions exhibited a marked improvement with the global economy getting into an early recovery mode. After June 2009, world trade flows entered into an expansionary mode after declining for several months and GDP growth turned positive. A corrective policy action on both fiscal & monetary fronts has been at the very core of the recovery witnessed. However, the recovery process has not been uniform and has varied in speed & strength across countries and regions, with emerging economies leading the way.

INDIAN ECONOMY

During the year 2009-10, the real GDP growth stood at around 7.5 percent, however, baseline projection of real GDP growth for 2010-11 is placed at 8 percent. Further, the Economic Survey points out that a strong domestic demand will support the recovery in India. The notable improvement in both domestic and export demand should enhance business prospects, and hence attract investments.

Industrial growth is expected to remain at 2009-10 levels on the back of sustained increase in demand – both exports and domestic. Agriculture is expected to grow at a higher rate than its trend because of a low base of 2009-10, when the sector had contracted due to severe drought.

INDUSTRY STRUCTURE & OPPORTUNITIES

Your Company is engaged in the business of manufacturing of wide range of precision AT3 Class tool holders, HSK tooling, Expanding Mandrels and Sleeves besides advanced products like hydro grip and shrink fit CNC tooling. These products are mainly used by automobile and engineering sectors. Tool Holder is an essential accessory for CNC machining centers.

As already mentioned in Directors' Report that during the year under review, the Tooling Business (Cutting Tools) of Zenith Birla (India) Limited has been demerged from Zenith Birla (India) Limited and merged with the Company.

Auto industry is a major consumer of Cutting Tools which consumes approximately 65% of its total production. The growth of Cutting Tool industry is 8-12% and is likely to improve in coming years.

The future of Cutting Tools and Tool Holder industry largely depends on the growth of automobile and engineering sector. As India is emerging as one of the key auto and engineering centres in the world, the demand for Cutting Tools and Tool Holders will increase manifold.

THREATS / RISKS & CONCERNS

The major risks and concerns attributed to the performance of the Company are:

1. Profitability may be affected on account of competition from existing manufacturers of the Company's products. Increase of competition in unorganized sector is also a cause of concern.
2. Increase in raw material costs, change in tax structure, change in government policies, development and stability of Indian economy against the negative external and internal forces may also impact the overall performance of the Company.
3. The Company is exposed to risks from market fluctuation of foreign exchange.

FINANCIAL HIGHLIGHTS

The Net Sales and Other Income of the Company for the financial year 2009-10 stood at Rs. 8036.27 lacs as against Rs. 2734.37 lacs of last year. Profit after tax stood at Rs. 95.66 lacs as against Rs. 56.11 lacs of last year.

On account of the Scheme of Arrangement providing for merger of Tooling Business of Zenith Birla (India) Limited with the Company, being given effect to during the year under review, the figures of the year under review are not comparable with those of the year ended 31st March, 2009.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Your Company has identified two business segments in line with accounting standards on segment reporting. These are Tool Holder and Tools. The segment wise performance in detail is given in the notes to the accounts.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has placed considerable emphasis and efforts on internal control systems. The internal control system ensures optimum use of the resources and its protection. The Company has an internal audit system, which carries out independent periodic reviews. The prime objective of such audit is to evaluate the functioning and quality of internal controls and provide assurance of its adequacy and effectiveness. The scope of internal audit covers a wide variety of operational and financial matters and includes a follow-up review of corrective actions agreed for implementation.

The adequacy of the internal control system as well as the internal audit report is reviewed by the audit committee of the Board of Directors. The adequacy of the internal control system has also been reported by the statutory auditors of the Company in their report as required under the Manufacturing & Other Companies (Auditors Report) Order, 2003.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

Your Company continues to lay emphasis on qualitative growth of its human resources by providing congenial and constructive work environment, in consonance with its strong belief that the real strength of its organization lies in its employees. In addition to this, formal training is also conducted from time to time in acquiring domain knowledge and imbibing the corporate quality culture. The Company has in its direct employment, 918 employees and enjoyed harmonious relations with them through out the year.

None of the Senior Management Personnel have any material financial and commercial transaction where they have personal interest that may have potential conflict with the interest of the Company at large.

Cautionary Statement

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. However actual results may differ materially from those expressed or implied. The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes to remain committed to good Corporate Governance by attaining highest levels of transparency, accountability and integrity to all its Shareholders, Customers, Employees, the Government and other business associates. Your Company's policies are targeted to ensure that high standard of ethical conduct is met throughout the Organization.

II. BOARD OF DIRECTORS

- a) The Company's Board of Directors comprises of 6 Directors, out of which 1 is Executive Director, 2 are Non-Executive Non Independent and 3 are Independent Directors. The Board Composition is as under:

Name of Director	Category
Shri Yashovardhan Birla	Chairman (Non- Executive)
Shri M.S. Arora	Managing Director
Shri P.V.R. Murthy	Non-Executive
Shri Shailesh Sheth	Non-Executive, Independent
Shri Mohan Das Shenoy Adige	Non-Executive, Independent
Shri Augustine P. Kurias	Non-Executive, Independent

Note: Dr. W.R. Correa retired from directorship at the Annual General Meeting held on 30th September, 2009.

- b) Six Board meetings were held during the period 1st April 2009 to 31st March 2010 on the dates mentioned below : 29.04.2009, 30.07.2009, 27.08.2009, 28.10.2009, 28.01.2010 and 03.03.2010.
- c) The following table gives details of participation of the directors of the Company during the financial year ended 31st March, 2010 in Board meetings and last AGM of the Company and interests of these directors as on 31st March, 2010:

Name of the Director	No. of Board Meetings Attended	Attendance at the last AGM	No. of Directorship in other Public Ltd. Companies \$	No. of Membership of other Board Committees *
Shri Yashovardhan Birla	5	No	9	1 (as Chairman)
Shri M.S. Arora	6	No	1	1
Shri P.V.R. Murthy	6	No	10	6 (1 as chairman)
Shri Shailesh Sheth	4	No	3	2
Shri Mohandas Shenoy Adige	6	Yes	6	4
Shri Augustine P. Kurias	5	No	1	2 (as Chairman)
Dr. W.R. Correa**	2	No	N.A.	N.A.

Notes:

* Includes only Audit Committee and Shareholder's/Investors Grievance Committee of Public Limited Companies.

\$ Excludes Foreign Companies, Private Companies and Alternate Directorships.

** Retired from directorship at the Annual General Meeting held on 30th September, 2009.

As on 31st March, 2010, Shri Yashovardhan Birla holds 51401 shares of the Company and Shri M.S. Arora holds 5 shares of the Company.

- d) The Board meets at least 4 times in a year and the gap between two Board Meetings does not exceed four months as mandated in Clause 49 of the listing agreement. The dates of Board Meetings were generally decided in advance.
- e) Key information as mentioned in annexure IA to clause 49 of the listing agreement was placed before the Board of Directors for their consideration.

Brief notes on the background and the functional expertise of the Director proposed for re-appointment is furnished below, along with details of Companies in which he is Director and the Board Committees of which he is members:

Shri Mohandas Shenoy Adige aged 65, is a B.Sc (Met. Engg.) graduate from Banaras Hindu University, M.Met from Sheffield University, UK and Diploma Holder in Operations & Financial Management from JBIMS, Bombay University. He has over 40 years of cross functional experience in the Metals Industry with exposure to various functional & general management areas. He was also the Deputy Managing Director of Mahindra UGINE Steel Company Ltd. He retired as the Managing Director of Nagpur Power and Industries Limited. He is a member of the Western Region Council of Confederation of Indian Industry (CII), All India Management Association (AIMA) & Bombay Management Association (BMA).

Details of his other directorship in Public Limited Companies and committee membership are as under:

Directorship	Committee Membership
Nagpur Power and Industries Limited	--
Birla Shloka Edutech Limited	Audit Committee
Birla Cotsyn (India) Limited	Audit Committee Shareholders & Investors Grievance Committee
Artefact Projects Limited	--
Melstar Information Technologies Limited	Audit Committee
Birla Energy Infra Limited	--

III. BOARD COMMITTEES

Audit Committee

The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchange, read with Section 292A of the Companies Act, 1956 and includes such other functions as may be assigned to it by the Board from time to time.

Composition of the Audit Committee:

Shri Augustine P. Kurias*	-	Chairman
Shri P.V.R. Murthy	-	Member
Shri Shailesh Sheth	-	Member
Shri Mohandas Shenoy Adige	-	Member

* Shri Augustine P. Kurias was appointed as member of Audit committee w.e.f. 30.07.2009 and Chairman of the Audit Committee w.e.f. 27.10.2009.

During the year under review, five meetings of the Audit Committee were held, the dates being 29.04.2009, 30.07.2009, 27.08.2009, 28.10.2009 and 28.01.2010.

The attendances of the members at the Audit Committee Meetings held during the year 2009-10 are as below:

Name of Director	Number of Meetings Attended
Shri Augustine P. Kurias *	3
Shri P.V.R. Murthy	5
Shri Shailesh Sheth	3
Shri Mohandas Shenoy Adige	5
Dr. W.R. Correa**	2

* Shri Augustine P. Kurias was appointed as member of Audit committee w.e.f. 30.07.2009 and Chairman of the Audit committee w.e.f. 27.10.2009.

** Dr. W.R. Correa ceased to be Member and Chairman of the Audit Committee w.e.f. 30th September, 2009 as he retired from directorship at the Annual General Meeting held on 30th September, 2009.

Managing Director, Vice President, General Manager-F&A, Internal Auditor and the Statutory Auditor are invitees to the meeting.

Remuneration Committee

Composition of Remuneration Committee:

Shri Mohandas Shenoy Adige	-	Chairman
Shri Yashovardhan Birla	-	Member
Shri P.V.R. Murthy	-	Member

The broad terms of reference of Remuneration Committee are to determine and recommend to the Board, compensation payable to Directors and Managerial personnel. Non-Executive Directors were paid sitting fees @ Rs. 7000/- per meeting for attending the meetings of the Board of Directors and Rs. 3000/- for attending the Committee meetings. No Remuneration Committee meeting was held during the year.

Details of sitting fees paid to Non-Executive Directors for attending the meetings of Board and its committees during the year under review are as under:

Name of member	Sitting Fees (in Rs.)
Shri Yashovardhan Birla	35000
Shri M.S. Arora	17000
Shri P.V.R. Murthy	60000
Shri Shailesh Sheth	40000
Shri Mohandas Shenoy Adige	63000
Shri Augustine P. Kurias	44000
Dr. W.R. Correa*	23000

* Dr. W.R. Correa retired from directorship at the Annual General Meeting held on 30th September, 2009.

Shareholders' / Investors Grievance Committee

Composition of Shareholders/Investors Grievance Committee:

Shri M.S. Adige	-	Chairman
Shri M.S. Arora*	-	Member
Shri Augustine P. Kurias*	-	Member

* appointed w.e.f. 28th October, 2009.

Note :

Dr. W.R. Correa ceased to be member of the Shareholders & Investors Grievance Committee w.e.f. 30th September, 2009 as he retired from directorship at the Annual General Meeting held on 30th September, 2009.

The Company received twelve complaints during the year 2009-10 and all the complaints were redressed. There were no outstanding complaints as on 31st March, 2010.

IV. GENERAL BODY MEETINGS

The details of the last 3 Annual General Meetings held:

Date	Venue	Time
27.09.2007	At Registered Office : B-15/4, M.I.D.C. Waluj, Aurangabad- 431 133	3.30 p.m.
18.09.2008	At Registered Office : B-15/4, M.I.D.C. Waluj, Aurangabad- 431 133	3.30 p.m.
30.09.2009	At Registered Office : B-15/4, M.I.D.C. Waluj, Aurangabad- 431 133	3.30 p.m.

Details of Special Resolutions passed in last three Annual General Meetings:

AGM dated 27.09.2007

1. Sub-division of shares.
2. Change of name of the Company.
3. Alteration of Articles of Association of the Company.
4. Increase in Authorised Share Capital and consequent change in Memorandum of Association of the Company.
5. Amendment in Capital Clause of Articles of Association of the Company.
6. Increase in Borrowing Powers.
7. Creation of Mortgage, Charge.
8. Delisting of shares of the Company from Ahmedabad Stock Exchange.

AGM dated 18.09.2008

1. Raising of Funds through Further Issue of Securities.
2. Increase in limits for FII investment.

No Special Resolutions were passed in the last AGM held on 30.09.2009.

No Special Resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

V. SUBSIDIARY COMPANY

The Company does not have any subsidiary company.

VI. CODE OF CONDUCT

The Company has laid down a code of conduct for all board members and senior management personnel of the Company. The code of conduct is available on the website of the Company. The declaration of Managing Director is given below:

To the Shareholders of Birla Precision Technologies Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the board members and senior management personnel have affirmed with the Code of Conduct as adopted by the Board of Directors.

Mumbai, 31st August, 2010

M.S. Arora
Managing Director

VII. The Board of Directors has received the certificate issued by the Managing Director and General Manager-F&A, in their capacity as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively of the Company as envisaged in Clause 49 (V) of the Listing Agreement.

VIII. DISCLOSURES

The Company does not have any related party transactions, which may have potential conflict with its interest at large. The Company has complied with the requirements of the regulatory authorities on capital markets and no penalties/strictures have been imposed against it in last three years.

IX. MEANS OF COMMUNICATION

Financial Results

The Company publishes its quarterly and yearly financial results in Free Press Journal (English) and Navshakti (Marathi) newspapers. The results are also displayed on the Company's website: www.birlaprecision.in

X. GENERAL SHAREHOLDER'S INFORMATION

Date, time and venue of the Annual General Meeting:

Tuesday, 28th September, 2010 at 3.30 pm at the Registered Office at B-15/4, M.I.D.C., Waluj, Aurangabad-431 133 (M.S.)

Financial calendar (tentative)

First Quarter results	12 th August, 2010 (actual)
Second Quarter results	on or before 14 th November, 2010
Third Quarter results	on or before 14 th February, 2011
Fourth Quarter results	on or before 15 th May, 2011
Audited Results	July/August, 2011

Dates of book closure

Thursday, 23rd September, 2010 to Tuesday, 28th September, 2010 (both days inclusive).

Listing on Stock Exchange

The shares of the Company are listed on the Bombay Stock Exchange Limited. The Company has paid the Annual Listing fee to Bombay Stock Exchange Limited for the financial year 2010-11.

Stock code

Bombay Stock Exchange Limited – 522105

Plant Locations:

Tool Holder Division:

1. B-15/4, M.I.D.C., Waluj, Aurangabad - 431 133

Tool Divisions:

1. B-15/3/1, M.I.D.C., Waluj, Aurangabad - 431 133

2. 62/63, M.I.D.C., Satpur, Nashik - 422007

Registrar and Share Transfer Agents

Work related to both physical & demat Shares is handled by M/s. Karvy Computershare Private Limited at its address given below :-

M/s. Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad -500 081

Tel: 040-23420815 to 820

Fax No.: 040-23420814

E-mail : sreedharamurthy@karvy.com, ussingh@karvy.com

Contract Person : Shri K. Sreedhara Murthy / Shri U.S.Singh

Investor's correspondence may be addressed to above address.

Investors Grievance ID- mailmanager@karvy.com

Share transfer system

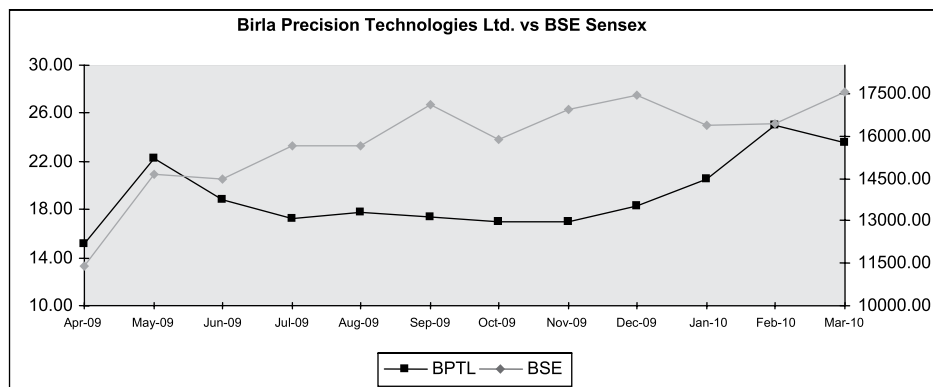
The Company's shares being in compulsory demat list, are transferable through the depository system. However, shares in the physical form are processed by the Registrar and Share Transfer Agent and approved by the Share Transfer Committee. Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are complete in all respects.

Stock Market price data for the year 2009-10

Monthly high and low of market prices of the Company's equity shares traded at Bombay Stock Exchange Ltd. during the financial year 2009-10 along with BSE Sensex:

Month	Birla Precision Technologies Limited		BSE SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April, 2009	16.51	14.00	11,492.10	9,546.29
May, 2009	22.25	14.80	14,930.54	11,621.30
June, 2009	28.25	17.85	15,600.30	14,016.95
July, 2009	20.40	15.45	15,732.81	13,219.99
August, 2009	19.25	15.25	16,002.46	14,684.45
September, 2009	19.65	16.00	17,142.52	15,356.72
October, 2009	18.15	14.50	17,493.17	15,805.20
November, 2009	20.90	15.20	17,290.48	15,330.56
December, 2009	19.30	16.35	17,530.94	16,577.78
January, 2010	29.70	17.75	17,790.33	15,982.08
February, 2010	25.70	19.75	16,669.25	15,651.99
March, 2010	30.10	22.85	17,793.01	16,438.45

Performance of Company's equity shares in comparison to BSE sensex on the basis of closing values:



Distribution of shareholding

Class-wise distribution of equity shares as on 31st March, 2010

No. of shares	No. of shareholders	No. of shares held	Shareholding %
1- 500	63580	2386045	7.45
501- 1000	599	471396	1.47
1001 - 2000	308	470227	1.47
2001 - 3000	97	243166	0.76
3001 - 4000	63	232162	0.72
4001 - 5000	30	136741	0.43
5001 - 10000	57	409509	1.28
10001 and above	91	27678750	86.42
TOTAL	64825	32027996	100.00

Shareholding pattern as on 31st March, 2010

S. No.	Category	No. of Shares	Percentage
1	Promoters	17375377	54.25
2	Resident Individuals	7359121	22.98
3	Foreign Institutional Investors	1335000	4.17
4	Corporate Bodies	5642612	17.62
5	Non Resident Indians	72577	0.23
6	Others	243309	0.75
	Total	32027996	100.00

Dematerialisation of shareholding

The Company's shares are admitted into both the depositories viz National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL) and the ISIN allotted for the equity shares of the Company is INE 372E01025. As on 31st March, 2010, total 3,06,42,131 Shares representing 95.68% of the Company's shares are held in demat form in the depositories.

Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Clause 49 of the Listing Agreement

We, M.S. Arora, Managing Director and Suresh Karkare, General Manager (F&A), in our capacity as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively of the Company hereby certify that-

- a. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the Design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify any deficiencies.
- d. We have indicated to the Auditors and the Audit committee:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have been aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of Board of Directors

Place: Mumbai
Date: 31st August, 2010

M.S. Arora
Managing Director

Suresh Karkare
General Manager (F & A)

CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance by Birla Precision Technologies Limited as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange of India, for the financial year ended on 31st March , 2010.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an 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.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreement, except that the Chairman of the Audit Committee was not present at the last Annual General Meeting.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Dalal & Shah**
Firm Registration Number: 102021W
Chartered Accountants

S. Venkatesh
Partner
Membership Number: 037942

Place: Mumbai
Date: 31st August, 2010

Auditors' Report to the Members of Birla Precision Technologies Limited

1. We have audited the attached Balance Sheet of Birla Precision Technologies Limited (the "Company") as at 31st March, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 the 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 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 a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in paragraph 3 above, we report that *cost of finished goods and goods under process of Tools Division of the Company is determined by using retail method whereby the cost is computed by reducing from the sale value of the inventory, the global gross margin which is not as per Accounting Standard AS – 2 on "Valuation of Inventories" referred to in sub-section (3C) of Section 211 of the Act. The impact of this on the profit for the year is not quantifiable.*
5. Subject to our comments in Para 4 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) 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 Act;
 - (e) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Dalal & Shah**
Firm Registration Number: 102021W
Chartered Accountants

S. Venkatesh
Partner

Membership Number 037942

Place: Mumbai
Date : 31st August, 2010

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Birla Precision Technologies Limited on the financial statements for the year ended 31st March, 2010.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them at the close of the year.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) 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 Act.
(b) The Company has taken secured/unsecured loans, from a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregate Rs. 3,52,00,000 and Rs. 30,00,000 respectively.
(c) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interests of the Company.
(d) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, where applicable.
4. In our opinion and according to the information and explanations given to us, 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, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs 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.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of *advance income-tax*, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, wealth tax, service tax, customs duty, excise duty, sales tax, cess and other material statutory dues as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at 31st March, 2010, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of Payment
Income Tax Act, 1961	Advance Income Tax Interest thereon	213,090 6,776	First Quarter of F.Y. 2009-10	15 th June, 2009	Not paid till date
Income Tax Act, 1961	Advance Income Tax Interest thereon	746,180 33,208	Second Quarter of F.Y. 2009-10	15 th September, 2009	Not paid till date

- (b) According to the information and explanations given to us and the records of the Company examined by us, there were no disputed dues in respect of income tax, wealth-tax, service-tax, customs duty, excise duty and cess as at 31st March, 2010. The particulars of sales tax which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	329,212	2000-01	Tribunal
Central Sales Tax Act, 1956	Central Sales Tax	271,169	2001-02	Tribunal
Central Sales Tax Act, 1956	Central Sales Tax	169,437	2006-07	Tribunal
West Bengal Sales Tax, 1994	West Bengal Value Added Tax	1,798,009	2000-01	Tribunal
West Bengal Sales Tax, 1994	West Bengal Value Added Tax	273,169	2001-02	Tribunal

10. The Company has no accumulated losses as at 31st March, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holder as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
15. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The Company has not issued any debentures during the year.
19. The Company has not raised any money by public issues during the year.
20. 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, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
21. The other clauses, (iii)(b), (iii)(c), (iii)(d) and (xiii) of paragraph 4 of the Order, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For Dalal & Shah
Firm Registration Number: 102021W
Chartered Accountants

S. Venkatesh
Partner
Membership Number 037942

Place: Mumbai
Date : 31st August, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs.in Thousands)

	SCHEDULE	As at 31 st March 2010	As at 31 st March 2009
I. SOURCES OF FUNDS:			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	64,056	32,000
(b) Reserves and Surplus	2	635,856	170,721
		<u>699,912</u>	<u>202,721</u>
2. LOAN FUNDS			
(a) Secured Loans	3	248,114	132,123
(b) Unsecured Loans	4	54,227	43,179
		<u>302,341</u>	<u>175,302</u>
3. DEFERRED TAX LIABILITY (Net) [Refer Note B (4)]		2,935	15,671
TOTAL		<u>1,005,188</u>	<u>393,694</u>
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS			
(a) Gross Block	5	668,360	356,748
Less: Depreciation and Amortisation		238,707	143,248
Net Block		<u>429,653</u>	<u>213,500</u>
(b) Capital Work-in-Progress		37,415	82,762
		<u>467,068</u>	<u>296,262</u>
2. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	6	282,977	25,132
(b) Sundry Debtors	7	280,851	107,201
(c) Cash and Bank Balances	8	122,467	7,452
(d) Loans and Advances	9	122,892	52,037
		<u>809,187</u>	<u>191,822</u>
Less:			
CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	10	199,282	71,909
(b) Provisions		71,785	22,481
		<u>271,067</u>	<u>94,390</u>
NET CURRENT ASSETS		<u>538,120</u>	<u>97,432</u>
TOTAL		<u>1,005,188</u>	<u>393,694</u>

Notes Forming Part of the Accounts

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As per our report of even date

For **Dalal & Shah**

Firm Registration No.102021W

Chartered Accountants

S. Venkatesh

Partner

Membership No.037942

Mumbai, 31st August, 2010

For and on behalf of Board of Directors

M.S. Arora

Managing Director

P.V.R. Murthy

Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010****(Rs.in Thousands)**

	SCHEDULE	For the year ended 31st March, 2010	For the year ended 31st March, 2009
INCOME			
Sales and Export Incentives	11	846,586	277,958
Less : Excise Duty		55,244	6,558
		791,342	271,400
Other Income	12	12,285	2,037
Increase/(Decrease) in Stock	13	(1,037)	1,602
		802,590	275,039
EXPENDITURE			
Raw Materials Consumed	14	289,230	68,031
Components Consumed		11,220	22,264
Purchase of Finished Goods for Trade		6,171	-
Manufacturing Expenses	15	131,146	58,807
Employees' Remuneration and Benefits	16	187,329	43,314
Administrative, Selling and Other Expenses	17	83,243	36,163
		708,339	228,579
OPERATING PROFIT		94,251	46,460
Interest and Finance Charges	18	24,168	8,647
Profit Before Depreciation and Taxation		70,083	37,813
Depreciation and Amortisation		55,017	28,369
Profit for the Year Before Taxation		15,066	9,444
Less: Provision for Taxation			
Current Tax		2,800	1,100
Deferred Tax		3,599	3,306
Fringe Benefit Tax		-	500
MAT Credit Entitlement		(899)	(1,100)
		5,500	3,806
Profit After Taxation and before Prior Period Adjustments		9,566	5,638
Less : Prior Period Adjustment		-	27
PROFIT FOR THE YEAR		9,566	5,611
Balance of Profit as per last balance sheet		126,991	124,194
Add : Net surplus for the year ended 31 st March 2009 transferred from Zenith Birla (India) Ltd. on account of merger of Tool Division [Refer Note B (2)]		42,609	-
Add : Net surplus as per Scheme of Arrangement of Tool Division of Zenith Birla (India) Ltd. [Refer Note B (2)]		174,799	-
PROFIT AVAILABLE FOR APPROPRIATION		353,965	129,805
APPROPRIATION:			
Transferred to general reserve		-	942
Proposed Dividend		-	1,600
Tax on Proposed Dividend		-	272
Balance Carried to Balance Sheet		353,965	126,991
Nominal Value Per Share of Rs.2/- each			
Basic and Diluted Earning Per Share (Rs)		0.30	0.35
Notes Forming Part of the Accounts	19		

As per our report of even date
For **Dalal & Shah**
Firm Registration No. I02021W
Chartered Accountants

S. Venkatesh
Partner
Membership No.037942
Mumbai, 31st August, 2010

For and on behalf of Board of Directors

M.S. Arora
Managing Director

P.V.R. Murthy
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

(Pursuant to Clause 32 of the Listing Agreement)

Sr. No.	Particulars	2009-10 Rs in Thousands	2008-09 Rs in Thousands
A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit before taxation and prior period adjustments	15,066	9,444
	Adjustments for :		
	Depreciation and Amortisation	55,017	28,369
	(Profit) / Loss on sale of Fixed Assets	(164)	-
	Provision for Gratuity and Leave Salary	50,387	2,000
	Provision for doubtful debts	621	-
	Bad Debts Written Off	7,734	-
	Prior period adjustments	-	(27)
	Interest Expenses (Net)	23,341	8,194
	Sub-total	1,36,936	38,536
	Operating Profit before Working Capital changes	1,52,002	47,980
	Adjustments for:		
	Trade and Other Receivables	(39,616)	8,436
	Inventories	73,885	634
	Trade Payable and Other Liabilities	(61,200)	2,860
	Loans and Advances	(44,614)	(8,421)
	Direct Taxes Paid	(75)	-
	Sub-total	(71,620)	3,509
	Net Cash from Operating Activities (A)	80,382	51,489
B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Addition to Fixed Assets (including CWIP)	(35,190)	(1,54,404)
	Sale of Fixed Assets	364	-
	Interest received	830	1,173
	Sub-total	(33,996)	(1,53,231)
	Net Cash used for Investing Activities..... (B)	(33,996)	(1,53,231)
C)	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Long Term Borrowings	79,108	61,156
	Proceeds from Unsecured Loans	-	35,200
	Proceeds from Working Capital Loans	2,426	7,142
	Repayment of Long Term Borrowings	(30,488)	(2,343)
	Repayment of Short Term Borrowings	(1,492)	-
	Repayment of Unsecured Loans	(29,012)	(1,148)
	Interest paid	(24,618)	(7,350)
	Sub-total	(4,076)	92,657
	Net Cash used for Financing Activities..... (C)	(4,076)	92,657
	Net Increase in Cash and Cash Equivalents (A+B+C)	42,310	(9,085)
	Cash and Cash Equivalents as at 01.04.2009	7,452	11,191
	Add : On Merger of Tool Division	32,461	-
		39,913	11,191
	Cash and Cash Equivalents as at 31.03.2010	82,223	2,106
	Reconciliation of Cash and Bank Balances given in Schedule 8 of Balance sheet is as follows:		
	Cash and Bank Balances	1,22,467	7,452
	Less:		
	Balances in Fixed Deposit accounts pledged with various Government Authorities	7,744	5,200
	Balance in Fixed Deposit accounts kept as margin money with the banks	32,500	146
	Cash and Cash Equivalents as at 31.03.2010	82,223	2,106

As per our report of even date
For **Dalal & Shah**
Firm Registration No.102021W
Chartered Accountants

S. Venkatesh
Partner
Membership No.037942
Mumbai, 31st August, 2010

For and on behalf of Board of Directors

M.S. Arora
Managing Director

P.V.R. Murthy
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010
(Rs.in Thousands)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED:		
25,00,00,000 Equity Shares of Rs. 2/- each	<u>500,000</u>	<u>500,000</u>
	<u>500,000</u>	<u>500,000</u>
ISSUED, SUBSCRIBED AND PAID-UP:		
32,027,996 Equity Shares of Rs. 2/- each fully paid up (Previous Year 1,60,00,000 Equity Shares of Rs. 2/- each fully paid up) {1,60,27,996 Equity Shares issued and allotted to the Share Holders of Zenith Birla (India) Ltd. in terms of the scheme of merger, Refer Note B (2)}	<u>64,056</u>	<u>32,000</u>
	<u>64,056</u>	<u>32,000</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
1. CAPITAL RESERVE		
Capital Investment Subsidy	1,500	1,500
State Investment Subsidy	<u>500</u>	<u>500</u>
	2,000	2,000
2. SECURITIES PREMIUM ACCOUNT		
	21,000	21,000
3. REVENUE RESERVE		
i. General Reserve		
As per Last Balance Sheet	20,730	19,788
Add: Transferred on account of merger of Tool Division as per Scheme of Arrangement (Refer Note B (2))	221,826	-
Add: Transferred from Profit and loss Account	-	942
Add: Deferred Tax Assets on account of merger of Tool Division (Refer Note B (4))	<u>16,335</u>	-
	258,891	20,730
ii. Surplus in Profit and Loss Account :		
	353,965	126,991
	<u>353,965</u>	<u>126,991</u>
	635,856	170,721
SCHEDULE 3		
SECURED LOANS		
Foreign Currency Term Loan from Exim Bank	74,876	104,060
Rupee Term Loan From ICICI Bank	79,108	-
Working Capital Loans from Banks	86,195	18,636
Car Loan from HDFC Bank	<u>7,935</u>	<u>9,427</u>
	248,114	132,123

Notes:

- The above term loans are secured by mortgage of all the Company's immovable properties, both present and future, and exclusive first charge by way of hypothecation of whole of the Company's movable properties (except book debts) including movable Plant and Machinery, Machinery spares, Tools & Accessories and Other movables, both present and future, subject to prior charge created in favour of Company's Bankers on certain specified movables for securing Working Capital Loans.
- The Working Capital Loans from Banks are secured by hypothecation of Inventories, Book Debts and other Receivables, both present and future, and is further secured by Second Charge created by way of Joint Mortgage by deposit of title deeds of all immovable properties.
- The Car Loan is secured by hypothecation of the car.

(Rs.in Thousands)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 4		
UNSECURED LOANS		
Sales Tax Deferred Payment Loan	6,675	7,979
From Bodies Corporate	47,552	35,200
	54,227	43,179

SCHEDULE 5
FIXED ASSETS

(Rs. in Thousands)

DESCRIPTION OF ASSETS	GROSS BLOCK 'AT COST'					DEPRECIATION					NET BLOCK	
	AS AT 01-04-2009	ADDITION DUE TO MERGER	ADDITIONS DURING THE YEAR	DELETIONS / ADJUSTMENTS DURING THE YEAR	AS AT 31-03-2010	UPTO 31-03-2009	ADDITION DUE TO MERGER	FOR THE YEAR	DELETIONS / ADJUSTMENTS DURING THE YEAR	UPTO 31-03-2010	AS AT 31-03-2010	AS AT 31-03-2009
Lease Hold Land	203	32,269	-	-	32,472	46	2,223	525	-	2,794	29,678	157
Building on Lease Hold Land	16,689	54,807	950	-	72,446	5,334	7,348	2,407	-	15,089	57,357	11,355
Plant and Machinery	317,247	114,195	85,393	2,278	514,557	133,187	27,844	47,369	2,078	206,322	308,235	184,414
Vehicles	13,799	6,136	-	1	19,934	601	3,582	1,674	1	5,856	14,078	13,198
Furniture,Fixtures & Office Equipments	8,810	5,284	9,818	-	23,912	4,080	1,524	1,362	-	6,966	16,946	4,376
Technical Know fee	-	-	5,039	-	5,039	-	-	1,680	-	1,680	3,359	-
Total	356,748	212,691	101,200	2,279	668,360	143,248	42,521	55,017	2,079	238,707	429,653	213,500
PREVIOUS YEAR'S TOTAL	252,065	-	104,683	-	356,748	114,879	-	28,369	-	143,248	213,500	-

(Rs.in Thousands)

	As at 31st March 2010	As at 31st March 2009
SCHEDULE 6		
INVENTORIES		
Raw Materials	104,429	6,700
Components	2,930	1,901
Stores and Spare Parts	14,109	6,399
Semi-Finished Goods	68,088	1,904
Finished Goods	69,518	8,228
Scrap	6,340	-
Material in transit	17,563	-
	282,977	25,132
SCHEDULE 7		
SUNDRY DEBTORS-UNSECURED		
Outstanding over six months		
Considered good	13,886	20,093
Considered doubtful (Including transferred on merger Rs.48,95,885/-)	5,179	-
Other Debts-Considered Good	266,965	87,108
	286,030	107,201
Less: Provision for Doubtful Debts	5,179	-
	280,851	107,201



(Rs.in Thousands)

	As at 31 st March 2010	As at 31 st March 2009
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on hand (Including Cheques on hand Rs. 38,86,914/- Previous year Rs. Nil)	4,493	38
With Scheduled Banks		
- In Current Accounts	77,730	2,068
- In Fixed Deposits (Including margin money Rs. 3,25,00,433/- Previous year Rs. 1,46,466/- under lien with a Bank)	40,244	5,346
	<u>122,467</u>	<u>7,452</u>
SCHEDULE 9		
LOANS AND ADVANCES, OTHER CURRENT ASSETS		
(Unsecured, Considered Good, unless otherwise specified)		
Advances recoverable in cash or in kind or for value to be received:		
Advance to Suppliers	1,840	400
Advances to Others (Refer Note B(7))	61,209	1,672
Provision for Doubtful Advances (including transferred on merger)	5,142	-
Less: Provision for Doubtful Advances (including transferred on merger)	5,142	-
	<u>63,049</u>	<u>2,072</u>
Deposit with Government Bodies and Others	5,583	810
Cenvat / Service Tax Credit	22,867	16,789
Maharashtra Value Added Tax Credit	5,320	8,120
Advance Tax and Tax Deducted at Source	21,801	21,538
Advance Fringe Benefit Tax paid	1,302	1,302
Balances With Central Excise PLA	573	33
Interest Accrued on Deposits	398	273
MAT Credit Entitlement	1,999	1,100
	<u>122,892</u>	<u>52,037</u>
SCHEDULE 10		
CURRENT LIABILITIES AND PROVISIONS		
a. CURRENT LIABILITIES		
Sundry Creditors for Goods and Services [Refer Note B (8)]	129,276	62,333
Advances from Customers	452	187
Interest accrued but not due on Loans	1,223	1,673
Unpaid Dividend	156	151
Other Liabilities	68,175	7,565
	<u>199,282</u>	<u>71,909</u>
b. PROVISIONS		
Gratuity	37,810	-
Leave Encashment	12,577	2,000
Income Tax Current	20,188	17,399
Fringe Benefit Tax	1,210	1,210
Proposed Dividend	-	1,600
Tax on Proposed Dividend	-	272
	<u>71,785</u>	<u>22,481</u>
	<u>271,067</u>	<u>94,390</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010
(Rs.in Thousands)

	For the Year ended 31 st March 2010	For the Year ended 31 st March 2009
SCHEDULE 11		
SALES AND EXPORT INCENTIVES		
Finish Goods manufacturing:		
Domestic Sales	653,427	29,789
Export Sales	151,142	232,666
Trading Sale	17,131	-
	<u>821,700</u>	<u>262,455</u>
Sale of Scrap	15,499	14,028
Job work	8,460	1,475
Export Incentives	927	-
	<u>846,586</u>	<u>277,958</u>
SCHEDULE 12		
OTHER INCOME		
Interest Received (Including Tax deducted at source Rs.59,413/- Previous year Rs.69,916/-)	827	453
Exchange rate difference (Net)	8,266	-
Profit on Sale of Fixed Assets	164	-
Miscellaneous Income	2,488	1,584
Excess provision written back	540	-
	<u>12,285</u>	<u>2,037</u>
SCHEDULE 13		
INCREASE/(DECREASE) IN STOCK		
Closing Stock:		
Semi-Finished Goods	68,088	1,904
Finished Goods	69,518	8,228
Scrap	6,340	-
	<u>143,946</u>	<u>10,132</u>
Less:		
Opening Stock:		
Semi-finished Goods	1,904	2,399
Finished Goods	8,228	6,131
Scrap	-	-
	<u>10,132</u>	<u>8,530</u>
Add : Transfer on merger of Tool Division	134,050	-
	<u>144,182</u>	<u>8,530</u>
Less : Variation in Excise Duty on Stock	801	-
	<u>(1,037)</u>	<u>1,602</u>

**(Rs.in Thousands)**

	For the Year ended 31st March 2010	For the Year ended 31st March 2009
SCHEDULE 14		
RAW MATERIALS CONSUMED		
Opening Stock	6,700	11,485
Add: Transfer on merger of Tool Division	177,493	-
Add: Purchases	209,466	63,246
	393,659	74,731
Less: Closing Stock	104,429	6,700
	289,230	68,031
SCHEDULE 15		
MANUFACTURING EXPENSES		
Stores and Spare Parts consumed	63,789	26,455
Power, Fuel and Water	36,932	9,438
Repairs :		
Buildings	940	1,724
Machinery	6,800	1,049
Others	1,304	340
Job work and other manufacturing expenses	21,381	19,801
	131,146	58,807
SCHEDULE 16		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages and Bonus	152,453	39,150
Contribution to Provident Funds and other Funds	19,127	3,844
Welfare Expenses	15,749	320
	187,329	43,314
SCHEDULE 17		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Rent	2,108	-
Rates and Taxes	449	97
Postage and Telephone	2,899	998
Printing and Stationery	2,738	1,074
Insurance	1,901	423
Domestic Travelling and Conveyance	6,270	2,972
Foreign Travelling Expenses	1,582	1,437
Vehicle Expenses	1,405	399
Advertisement, Publicity etc.	776	1,262
Sales Promotion and Other Selling Expenses	3,370	1,586
Freight on sales	17,729	2,585
Training Expenses	825	791
Directors Fees	282	194

	(Rs.in Thousands)	
	For the Year ended 31 st March 2010	For the Year ended 31 st March 2009
SCHEDULE 17 Contd....		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
Auditors' Remuneration:		
Audit Fee	150	150
For Certification	-	53
For Management Services	-	34
Out of Pocket Expenses	7	4
Provision for Doubtful Debts	621	-
Bad debts	7,734	-
Legal and Professional Charges	21,480	14,384
Security Services	765	801
Exchange rate difference (Net)	-	5,205
Software Maintenance Expenses	1,236	-
Miscellaneous Expenses	8,916	1,714
	<u>83,243</u>	<u>36,163</u>
SCHEDULE 18		
INTEREST AND FINANCE CHARGES		
Interest on:		
Foreign Currency Term Loan	4,045	5,511
Rupee Term Loans	7,540	-
Vehicle Loan	1,065	-
Working Capital Loans	5,784	832
Unsecured Loans	792	1,419
Others	1,516	6
Other Finance Charges	3,426	879
	<u>24,168</u>	<u>8,647</u>

SCHEDULE 19

NOTES FORMING PART OF THE ACCOUNTS

PART [A]: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

I Basis of preparation of financial statements:

The Financial Statements have been prepared on accrual basis under historical cost convention and in compliance in all material aspects with the applicable Accounting Principles in India, the applicable Accounting Standards notified under Section 211(3C) and the relevant provisions of the Companies Act, 1956.

2 Revenue Recognition:

- (a) Revenue from the sale of goods is recognized upon the passage of title to the customers, which generally coincides with delivery.
- (b) Export sales are accounted based on the dates of Bill of Lading.
- (c) Interest Income is accrued on time proportion basis over the period of loan / deposit / investment.

3 Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made by the management that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are crystallized.

4 Fixed Assets and Depreciation / Amortization:

- (a) Fixed Assets are accounted at cost of acquisition / construction.
- (b) Leasehold Land is amortized over the period of lease.
- (c) Computer Software and Technical Know-How are amortized over a period of 3 years from the date of acquisition.
- (d) Depreciation:

I Toolholder Division:

- (i) Depreciation on fixed assets acquired prior to 01.04.2003 is provided on 'Straight Line Method' at the rates prescribed in Schedule XIV to the Companies Act, 1956 proportionately for the period for which the assets were in use.
- (ii) Depreciation on additions to fixed assets on or after 01.04.2003 is provided on 'Straight Line Method' at the rates worked out on the basis of useful life estimated by the management which is as follows:

Particulars	Useful Life
Plant and Machinery	10 Years
Vehicles	10 Years
Furniture, fixture and office equipments	5 Years
Computers	5 Years
Others	Schedule XIV Useful Life Rate

- (iii) Depreciation on impaired assets is provided by adjusting the depreciation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

II Tool Division:

The Company provides depreciation on all its assets on the Straight Line Method, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

5 Capital Work in Progress:

Expenditure during construction period including development cost incurred on the projects under implementation are treated as pre-operative expenses pending allocation to the assets, and are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of commercial production.

6 Impairment of Fixed Assets:

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets suffered any impairment loss based on internal / external factors. If such indication exists, the recoverable amount of the asset is estimated and impairment loss is provided for. Reversal of impairment loss is recognized immediately as income in the profit and loss account.

7 Valuation of Inventory:

- (a) Raw Materials and Components, Semi-finished goods, Finished goods, Stores and Spares, Goods for Trade are valued at cost or net realizable value whichever is lower. Finished goods at factory premises and branches are valued inclusive of excise duty. Cost formula used is weighted average cost. Cost comprises of cost of purchase, cost of conversion and other cost incurred in bringing the inventory to its present location and condition.
- (b) In case of Tool Division, Cost of Manufactured Finished Goods and Semi-finished goods is determined by using the 'Retail Method', whereby the cost is computed by reducing from the sale value of inventories, the global gross margin.
- (c) Goods / Materials in Transit are valued at cost to date.
- (d) Scrap is valued at its Estimated Realizable Value.
- (e) Due allowances are made for obsolete inventory based on technical estimates made by the Company.

8 Foreign Currency Transactions:

Transactions arising in foreign currencies during the year are converted at the rates closely approximating the rates ruling on the transaction dates. Liabilities and receivables in foreign currency are restated at the year end exchange rates. All exchange rate differences arising from conversion in terms of the above are included in the profit and loss account.

9 Employee Benefits:

Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

Post employment benefits:

- i) Defined contribution plans: Company's contribution to the provident fund scheme, superannuation, etc is recognized during the year in which the related service is rendered.
- ii) Defined benefit plans: The present value of the obligation is determined based on an actuarial valuation, using the Projected Unit Credit Method. Actuarial gains and losses on such valuation are recognized immediately in the Profit and Loss Account. The fair value of the plan assets of the fund / trust administered by the Company, is reduced from the gross obligation under the defined benefit plan, to recognize the obligation on a net basis.
- iii) Long Term compensated absences are provided on the basis of an actuarial valuation.
- iv) Termination Benefits are charged to Profit and Loss Account in the year in which they are incurred.

10 Research and Development Costs:

Revenue expenditure, including overheads on research and development, is charged as an expense through the natural heads of account in the year in which incurred. Expenditure, which results in the creation of capital assets, is capitalized and depreciation is provided on such assets as applicable.

11 Borrowing Cost:

Borrowing cost attributable to acquisitions / construction of qualifying assets are capitalized. Other borrowing cost are charged to Profit & Loss Account.

12 Taxation:

Income tax expense comprises Current tax and Deferred tax charge or credit. Provision for Current tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Minimum alternative tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax.

Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. The deferred tax asset and/ or deferred tax liability is calculated by applying substantively enacted rate as at balance sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation is recognized if and only if there is virtual certainty backed by convincing evidence of its realisation. At each balance sheet date, carrying amount of deferred tax assets is reviewed to reassure realization.

13 Government Grants:

Capital grants for project capital subsidy are credited to Capital Reserves.

PART [B]: OTHER NOTES TO ACCOUNTS

(Rs. In Thousands)

I (a) Contingent Liabilities not provided for in respect of:	Current Yr.	Previous Yr.
(i) Export obligation for the amount of duty saved under EPCG Scheme - DTA Unit	8,048	8,048
(ii) Export obligation for the amount of duty saved under EPCG Scheme - EOU Unit (subsumed)	15,290	15,290
(iii) Disputed Sales Tax Demands	10,920	-
(iv) Claim on account of PF not acknowledged as debts.	401	-
(b) Estimated amount of contracts remaining to be executed on capital account (net of advance)	-	8,608
(c) Claims against company which are prima facie untenable are not considered for contingent liability.		
(d) Various demands of workmen pending with the court and industrial tribunal is not ascertainable.		

- 2 The Tool Division of Zenith Birla (India) Ltd. (ZBIL) being all its assets and properties, both movable and immovable, industrial and other licenses, trademarks, all other interests, rights and powers of every kind, etc. and all its debts, liabilities, duties and obligations, has been transferred to and vested in the Company retrospectively with effect from April 1, 2008 (the appointed date). The Scheme has accordingly been given effect to in these accounts. The Tool Division of ZBIL is in operation of manufacturing of HSS Cutting Tools.

The merger of the Tool Division of ZBIL with the Company has been accounted as per Scheme of Arrangement approved by the Honorable High Court of judicature at Mumbai, vide its order dated, January 8, 2010. Accordingly the assets, liabilities, debts and obligations of the Tool Division have been taken over at their book values as on April 1, 2008 as stipulated in the Scheme. The merger has resulted in transfer of assets, liabilities, debts & obligation in accordance with the terms of the Scheme at the following summarized values:

	(Rs. In Thousands)
Fixed Assets (Net)	137,974
Capital Work in Progress	3,150
Current Assets, Loans and Advances	530,408
Less: Current Liabilities and Provisions	<u>228,347</u>
Net Current Assets	302,061
Total Assets:	443,185

Less:	Rs. In Thousands
Secured and Unsecured Loans	(14,504)
Net Assets Transferred from ZBIL	428,681
Transfer from General Reserve of ZBIL on account of Merger of Tool Division	221,826
Issue of 1,60,27,996 Equity Shares to Shareholders of ZBIL in the ratio of 2 Equity Shares of Rs. 2/- each of the Company for every 5 Equity Share of Rs. 10/- Each.	32,056
Balance adjusted in the Profit and Loss Account	174,799

In terms of the Scheme, the Equity Shares allotted as above rank for dividend, voting rights and in all other respects pari-passu with the existing Equity Shares of the Company. The Income accruing and the expenses incurred by Tool Division of ZBIL during the period 1st April, 2008 to 31st March 2009 resulting in Net Surplus of Rs. 42609 Thousands has also been incorporated in these accounts which include difference arising on account of variation in accounting policies aggregating Rs. 5052 Thousand. During the period between the appointed date and the effective date (i.e. February 11, 2010) ZBIL carried on the existing business in “trust” on behalf of the Company. Vouchers, documents etc. for the period are in the name of ZBIL. The title deeds for leasehold land, building, residential flats, licenses, agreements, loan documents, etc. are in the process of being transferred in the name of the Company. Stamp duty and other levies out of the Scheme of Arrangement, if any, shall be accounted on determination and completion of transfer formalities.

3 Segment Reporting:

(a) Primary Segment - (Business)

		(Rs. In Thousands)
Sr. No.	Particulars	31-03-2010
1.	Segment Revenue	
	a) Tool Holders	176321
	b) Tools	670265
	Total	846586
	Less: - Excise Duty	55244
	Net Sales Income from Operation	791342
2.	Segment Results Profit(+)/(Loss)(-) (before Interest and tax) from Segment	
	a) Tool Holders	(20995)
	b) Tools	60229
	Total	39234
	Less: Interest and Finance Charges	24168
	Profit before Tax	15066
	Less: Provision for Taxation	
	Current Tax	2800
	Deferred Tax	3599
	Mat Credit Entitlement	(899)
	Profit after Tax	9566
3.	Segment Assets	
	a) Tool Holders	408523
	b) Tools	719765
	c) Unallocable	147967
	Total	1276255



(Rs. In Thousands)

Sr. No.	Particulars	31-03-2010
4	Segment Liabilities	
	a) Tool Holders	41993
	b) Tools	206296
	c) Unallocable	328054
	Total	576343
5	Capital Expenditure	
	a) Tool Holders	8651
	b) Tools	47202
	Total	55853
6	Depreciation	
	a) Tool Holders	36992
	b) Tools	18025
	Total	55017
7	Non Cash Expenditure	
	a) Tool Holders	-
	b) Tools	-
	Total	-

(b) Secondary Segment - (Geographical):

(Rs. In Thousands)

	India	USA	Rest of the World	Total
Segment Revenue	640200	86527	64615	791342
	640200	86527	64615	791342

Notes:

- Segments have been identified in line with Accounting Standard on Segment Reporting (AS-17) taking into account the organisation structure as well as the differential risks and returns of these segments. The company had only one segment "Tool Holders" in the previous year.
- The Company has disclosed Business segment as the primary segment and type of products in each segment:
 - Toolholder Division:- Machine Tool Accessories & Precision Components.
 - Tool Division: - Cutting Tools.
- The revenue and results figure given above are directly identifiable to respective segments and expenditure on common services incurred at the corporate level are not directly identifiable to respective segments have been shown as "Other Un-allocable Expenditure".

4 Deferred Tax:

(Rs. In Thousands)

	Upto 31/3/2009	Addition on Merger	For the year 2009-10	Upto 31/3/2010
DEFERRED TAX ASSET				
Bonus	404	2092	-	2496
Provision for doubtful Debts	-	-	211	211
Leave salary	679	5370	(56)	5993
Provision for Gratuity	-	12532	320	12852
Business loss	248	-	(248)	-
Total (a)	1331	19994	227	21552
DEFERRED TAX LIABILITY				
Depreciation	Total (b)	17002	3659	24487
NET DEFERRED TAX LIABILITY / (ASSET) (b) - (a)		15671	3599	2935

5 Computation of Profit for Earnings Per Share :

(Rs. In Thousands)

	31-03-2010	31-03-2009
Profit for the year after tax	9566	5638
Less : Prior period adjustments (Net)	-	27
Profit after prior period adjustments	9566	5611
Number of Equity Shares	32027996	16000000
EPS Per Share (Rs.)	0.30	0.35

6 A. RELATED PARTY TRANSACTIONS:

(Rs. in Thousands)

Sr. No.	Name of related party	Description & Nature of transactions	Total Amount of the Transactions during the Current year (Previous Year)	Amount if any Outstanding as on 31.03.2010 DEBIT Balance Current Year (Previous Year)	Amount if any Outstanding as on 31.03.2010 CREDIT Balance Current Year (Previous Year)
1	Birla AccuCast Ltd. (Formerly known as Birla Perucchini Ltd.) (Debtor due for more than Six months)	Sale of Goods	133 (3,241)	152 (1,342)	1,084 (-)
		Services	7,322 (1,163)	8,416 (-)	- (-)
2	Birla International Pvt. Ltd.	Purchase of Goods	1,203 (-)	- (-)	180 (-)
		Services	- (-)	78 (-)	- (-)
		Sale of Goods	219,785 (193)	81,202 (12)	- (-)
3	Birla Global Corporate Pvt. Ltd.	Services	14,917 (12,408)	841 (-)	19 (782)
4	Dagger Forst Tools Ltd.	Sale of Goods	514 (-)	- (-)	- (-)
		Purchase of Goods	6,387 (-)	- (-)	- (-)
		Interest Received	1,300 (-)	10,525 (-)	- (-)
		Interest Paid	4,843 (-)	- (-)	51,101 (-)
		Services	- (72)	- (138)	- (-)
5	Birla Viking Travels Pvt. Ltd.	Services	1,059 (484)	- (-)	58 (39)
6	Zenith Birla (India) Ltd.	Sale of goods	1,189 (-)	1,209 (-)	- (-)
7	Nirved Traders Pvt. Ltd.	Services	1,562 (-)	- (-)	- (-)

(Rs. in Thousands)

Sr. No.	Name of related party	Description & Nature of transactions	Total Amount of the Transactions during the Current year (Previous Year)	Amount if any Outstanding as on 31.03.2010 DEBIT Balance Current Year (Previous Year)	Amount if any Outstanding as on 31.03.2010 CREDIT Balance Current Year (Previous Year)
8	Shearson Investments & Trading Co. Pvt. Ltd.	Services	25 (-)	- (-)	- (-)
		Unsecured Loan & Interest	31,408 (36,619)	- (-)	3,713 (36,327)
		Advance	- (1,000)	- (-)	- (-)
		Total	291,647 (55180)	102,423 (1492)	56,155 (37148)

B. Name of Related Parties and nature of relationships:
a) Key Management personnel

1. Shri Yashovardhan Birla (Non-Executive Chairman)
2. Shri M.S. Arora (Managing Director)

b) Enterprises owned or significantly influenced by Key Management personnel or their relatives

- | | |
|---|--|
| 1. Ashok Birla Apollo Hospital Pvt. Ltd. | 13. Birla Pacific Medspa Pvt. Ltd. |
| 2. Asian Distributors Pvt. Ltd. | 14. Birla Power Solutions Limited |
| 3. Birla AccuCast Limited | 15. Birla Shloka Edutech Limited |
| 4. Birla Bombay Pvt. Ltd. | 16. Birla Surya Limited |
| 5. Birla Capital & Financial Services Limited | 17. Birla Transasia Carpets Limited |
| 6. Birla Cotsyn (India) Limited | 18. Birla Viking Travels Pvt. Ltd. |
| 7. Birla Edutech Limited | 19. Dagger Forst Tools Limited |
| 8. Birla Electricals Limited | 20. Godavari Corporation Pvt. Ltd. |
| 9. Birla Global Corporate Pvt. Ltd. | 21. Khopoli Investments Limited |
| 10. Birla Infrastructure Ltd. | 22. Nirved Traders Pvt. Ltd. |
| 11. Birla International Pvt. Ltd. | 23. Shearson Investments & Trading Co. Pvt. Ltd. |
| 12. Birla Kerala Vaidyashala Pvt. Ltd. | 24. Zenith Birla (India) Limited |

7 Advances recoverable in cash or in kind or for value to be received includes Rs. 15705 thousands (Previous year Rs. Nil) being Inter Corporate Loans.

8 Sundry Creditors in Schedule 10 include;

- (a) (i) Rs. 210.52 Thousands (Previous Year Nil) due to Micro, Small and Medium Enterprises.
- (ii) Rs. 129065.48 Thousands (Previous Year Rs. 62333 Thousands) due to others.
- (b) Enterprises to whom the Company owes a sum, which is outstanding for more than 45 days is Rs. Nil (Previous Year Rs. Nil) and the interest on the same is Rs. Nil (Previous Year Rs. Nil).
- (c) The disclosure in (a) and (b) above is based on the information available with the Company regarding the status of supplier under the Micro, Small and Medium Enterprises Development Act, 2006.

9 Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956.

(A) Particulars of Capacity:

(in Numbers)

Class of Goods	Installed Capacity	
	Current Year	Previous Year
Drills	19,067,000	-
Reamers	175,600	-
Taps	580,000	-
Cutters	126,400	-
Tool Bits	422,300	-
Machine Tool Accessories	477,600	477,600
Precision Components	200,000	-
Total	21,048,900	477,600

Installed Capacity as certified by management and accepted by auditors, being a technical matter.

(B) Particulars in respect of Opening Stock, Production, Purchases, Sales and Closing Stock of Finished Goods:

CLASS OF GOODS : Cutting Tool / Machine Tool Accessories & Precision Components

(a) Details of Goods Manufactured:

(Previous Year Figures in brackets)

Product	Opening Stock		Acquired on Merger of Tool Division of Zenith Birla (India) Limited		Production	Sales		Issue for own consumption	Issue for samples etc.	Closing Stock	
	Quantity in Nos.	Value (Rs. '000s)	Quantity in Nos.	Value (Rs. '000s)		Quantity in Nos.	Quantity in Nos.			Value (Rs. '000s)	Quantity in Nos.
Drills	-	-	1,111,313	40,434	11,381,119	11,578,108	498,640	25,805	-	888,519	37,388
	(-)	(-)	(-)	(-)	(10,414,362)	(10,753,603)	(478,876)	(2,679)	(-)	(11,11,313)	(40,434)
Reamer	-	-	16,113	4,479	44,066	39,544	24,560	44	328	20,263	4,537
	(-)	(-)	(-)	(-)	(69,172)	(68,060)	(30,810)	(-)	(-)	(16,113)	(4,479)
Cutter	-	-	19,040	6,309	40,185	42,874	20,192	382	283	15,686	2,902
	(-)	(-)	(-)	(-)	(49,617)	(41,879)	(23,018)	(751)	(-)	(19,040)	(6,309)
Tap	-	-	151,831	17,109	402,931	412,529	86,157	260	1,181	140,792	11,445
	(-)	(-)	(-)	(-)	(451,024)	(451,959)	(92,302)	(964)	(-)	(151,831)	(17,109)
Tool Bits	-	-	11,739	1,464	37,137	37,725	11,150	66	53	11,032	1,330
	(-)	(-)	(-)	(-)	(44,188)	(42,535)	(11,972)	(-)	(-)	(11,739)	(1,464)
Hacksaw Blades	-	-	76,268	1,448	1,262	27,742	1,460	100	-	49,688	1,224
	(-)	(-)	(-)	(-)	(238,558)	(162,290)	(6,911)	(-)	(-)	(76,268)	(1,448)
Machine Tool Accessories & Precision Components	15,714	8,228	-	-	351,463	341,780	162,410	2,351	5,714	17,332	7,638
	(11,589)	(6,131)	(-)	(-)	(256,658)	(247,718)	(262,455)	(543)	(4,272)	(15,714)	(8,228)
Total		8,228		71,243			804,569				66,464
Previous Year		(6,131)		(-)			(262,455)				(8,228)

(b) Details of Goods Traded:

(Previous Year Figures in brackets)

Product	Opening Stock		Added on Merger of Tool Division of Zenith Birla (India) Limited		Purchases		Sales		Issue for own consumption	Issue for samples etc.	Closing Stock	
	Quantity in Nos.	Value (Rs. '000s)	Quantity in Nos.	Value (Rs. '000s)	Quantity in Nos.	Value (Rs. '000s)	Quantity in Nos.	Value (Rs. '000s)			Quantity in Nos.	Quantity in Nos.
Files / Bandsaw	-	-	177,205	6,702	96,020	6,171	185,092	17,131	165	-	87,968	3,054
Previous Year	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

(c) Raw Materials & Components consumed:

	Current Year		Previous Year	
	Quantity	Value (Rs.'000)	Quantity	Value (Rs.'000)
Raw materials (M.T.)	1,320	289,230	1,121	68,031
Components (Nos.)	1,046,947	11,220	6,32,811	22,264
		3,00,450		90,295

(d) Value of imported and indigenous Raw materials and Components consumed and percentage of each to the total consumption:

	Current Year		Previous Year	
	Value (Rs.000's)	%	Value (RS.000's)	%
Raw Materials & Components:				
- Imported	1,35,488	45%	3,189	4%
- Indigenous	1,64,962	55%	87,106	96%
	3,00,450	100%	90,295	100%

(e) CIF value of imports:

(Rs. in Thousands)

	Current Year	Previous Year
Capital goods	31,080	87,858
Components	1,17,185	2,573
Stores & Spares parts	4,227	6,060
	1,52,492	96,491

(f) Expenditure in foreign currency:

(Rs. in Thousands)

	Current Year	Previous Year
(i) Foreign travelling expenses	1,200	592
(ii) Technical know how fees	-	795
(iii) Sales freight	-	272
(iv) Miscellaneous expenses	364	181
(v) Service charges & commission on sales	307	707
(vi) Subcontracting Charges	971	-
(vii) Bank Charges	115	-
	2,957	2,547

(g) Earning in foreign exchange:

(Rs. in Thousands)

	Current Year	Previous Year
F.O.B. value of exports manufacturing goods (including exchange rate variation surcharge)	1,39,584	2,32,603

10 Employee Benefits:

A. Defined Contribution Plans:

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

(Rs. in Thousands)

	Current Year	Previous Year
Contribution to Employees Provident Fund & Other Funds	19,127	3,844
Total	19,127	3,844

B. Defined Benefit Plans:

I Contribution to Gratuity:

Provision for Gratuity has been made in the accounts based on an actuarial valuation carried out at the close of the year. The Company has funding arrangement with Birla Sun Life, except for Tools Division, in which case it is held under Indian Tool Employee Gratuity Fund, and the liability is discharged to the employees in the year of retirement / cessation of employment.

Details under AS-15, to the extent applicable is furnished below:

	As at 31.03.2010 Rs. In '000	As at 31.03.2009 Rs. In '000
Assumptions:		
Discount rate	8.00%	7.00%
Rate of increase in compensation	3% - 5%	5.00%
Rate of return (expected) on plan assets	8.00%	-
Withdrawal rates :		
upto age 44	2%	2%
45 & above	1%	1%
Changes in present value of the Defined Benefit Obligations		
Present value of Defined Benefit Obligation at the beginning of the year	3,773	2,728
Acquired on acquisition	39,879	-
Interest cost	3,265	204
Current service cost	2,292	538
Benefits paid	(5,832)	(351)
Actuarial (gain) / loss	1,637	654
Present value of Defined Benefit Obligation at end of the year	45,015	3,773
Changes in fair value of plan assets		
Fair value of plan assets at beginning of the year	2,302	2,510
Acquired under the merger scheme	3,519	-
Adjustment to opening plan assets	1,565	-
Expected return on plan assets	835	196
Contributions	5,500	218
Benefits paid	(5,832)	(351)
Actuarial (gain) / loss in plan assets	513	(271)
Fair value of plan assets at end of the year	8,402	2,302

	As at 31.03.2010 Rs. In '000	As at 31.03.2009 Rs. In '000
Balance Sheet Reconciliation		
Net Liability at the beginning of the year	-	218
Acquired on acquisition	36,360	-
Adjustment to Opening Net Liability	(94)	-
Expense recognized	5,846	1,471
Contribution	(5,500)	(218)
Funded Status	1,197	(1,471)
Net Liability at the end of the year	37,810	-
Amount recognized in the Profit and loss account		
Current service cost	2,292	538
Interest cost	3,265	204
Expected return on plan assets	(835)	(196)
Net actuarial (gain)/loss recognised for the year	1,124	925
Expense recognised in the statement of Profit and Loss Account	5,847	1,471
The estimate of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion, and other relevant factors such as supply and demand factors in the employment market.	5%	5%

II Leave Encashment:

In accordance with AS-15, the Company has fully provided for its liability determined on the basis of Actuarial Valuation carried out as at year end. However, in case of Tools Division, liability is provided on actual basis determined as at year-end.

II The previous year's figures are not comparable, due to the merger of Tool Division of Zenith Birla (India) Limited with the Company.

For **Dalal & Shah**
 Firm Registration No.102021W
 Chartered Accountants

For and on behalf of Board of Directors

M.S. Arora
 Managing Director

S. Venkatesh
 Partner
 Membership No.037942

P.V.R. Murthy
 Director

Mumbai, 31st August, 2010

Additional information as required under part-IV of Schedule-VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile.

1 Registration details			
Registration no.	L29220MH1986PLC041214	State code	11
Balance sheet date	31st March 2010		
2 Capital raised during the year (Amount in Rs.Thousands)			
Public Issue	Nil	Right Issue	Nil
Preferential Issue	Nil	Private Placement	Nil
Bonus Issue	Nil	Allotment of Equity Shares to shareholders of Zenith Birla (India) Ltd. on account of merger of Tool Division with the Company.	32,056
3 Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)			
Total Liabilities	1,276,255	Total Assets	1,276,255
SOURCES OF FUNDS			
Paid up capital	64,056	Secured loans	248,114
Reserves and surplus	635,856	Unsecured loans	54,227
APPLICATION OF FUNDS			
Net fixed assets (including Capital WIP)	467,068	Investments	Nil
Net current assets	538,120	Miscellaneous expenditure	Nil
Accumulated losses	Nil		
4 Performance of Company (Amount in Rs. Thousands)			
Total Income	802,590	Total expenditure	787,524
Profit before tax	15,066	Profit after tax	9,566
Earning per share (In Rs.)	0.30	Dividend rate %	Nil
5 Generic names of three principal products/services of Company (as per monetary terms)			
A) Item Code No. (ITC Code)	84661010		
Product Description	Tool Holders		
B) Item Code No. (ITC Code)	85389000		
Product Description	Precision Components		
C) Item Code No. (ITC Code)	82075000		
Product Description	Tools		

BIRLA PRECISION TECHNOLOGIES LIMITED

Reg. Office: B-15/4, M.I.D.C. Industrial Area, Waluj, Aurangabad - 431 133 (M.S.), India

23rd ANNUAL GENERAL MEETING

PROXY FORM

Regd. Folio No./ DP Client ID

No. of Shares held

I/We _____ of _____ in the district of _____ being a member / members of BIRLA PRECISION TECHNOLOGIES LIMITED hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ as my / our proxy to attend and vote for me / us, on my / our behalf at the **23rd ANNUAL GENERAL MEETING** of the Company, to be held on Tuesday, 28th September, 2010 at 3.30 p.m. or at any adjournment(s) thereof.

Signed this _____ day of _____ 2010.

Affix. Re.
1/- Revenue
Stamp

Signature

Notes :

This Form, in order to be effective, should be completed, duly signed and stamped and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

Members are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting as extra copy of the Annual Report will not be made available for reasons of economy.

..... Please Tear Here

BIRLA PRECISION TECHNOLOGIES LIMITED

Reg. Office: B-15/4, M.I.D.C. Industrial Area, Waluj, Aurangabad - 431 133 (M.S.), India

23rd ANNUAL GENERAL MEETING

ATTENDANCE SLIP

Regd. Folio No./ DP Client ID

No. of Shares held

I Certify that I am a member/ proxy for the member of the Company.

I hereby record my presence at the **23rd ANNUAL GENERAL MEETING** of the Company at B-15/4, M.I.D.C. Waluj, Aurangabad - 431 133 on Tuesday, 28th September, 2010 at 3.30 p.m.

Member's/Proxy's Name in BLOCK Letters

Signature of member's/proxy's

Note : Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

Book  ost



If undelivered, please return to:
BIRLA PRECISION TECHNOLOGIES LIMITED

Regd. Office :-

B- 15/4, M. I. D. C., Waluj, Aurangabad- 431 133 (M. S.)

Phone: (0240) 2554300, 2554301, 2554408, Fax : (0240) 2554302

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