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Annual Report 1997-98



BATLIBOI LTD.

B. B. Vanward
B. B. Vanward
Vice President (Legal) &
Company Secretary

Batliboi Ltd.



**BOARD OF DIRECTORS**

Mr. Pratap Bhogilal - Executive Chairman
 Mr. Nirmal Bhogilal - Managing Director
 Dr. K. K. Anand
 Mr. J. R. Shah
 Dr. S. M. Patil
 Mr. Vijay R. Kirloskar
 Mr. N. N. Pai
 Mr. S.D.S. Mongia

CORPORATE MANAGEMENT

Mr. Pratap Bhogilal	Executive Chairman	
Mr. Nirmal Bhogilal	Managing Director	
Mr. G. S. Sawhney	Group C.F.O.	
C. Balaraman	C.E.O.	Environmental Engineering Group
J. P. Malik	C.E.O.	Machine Tool Group
Mr. G. Verghese	C.E.O.	Textile Engineering Group
Mr. V. S. Puri	C.E.O.	Industrial Marketing Group
Mr. V. P. Caszo	V.P.	HRD/Organisational Development
Mr. S. K. Sengupta	V.P.	Air Conditioning and Refrigeration Group

**VICE PRESIDENT (LEGAL) &
 COMPANY SECRETARY**

Mr. B. B. Vanwari

REGISTERED OFFICE

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

CORPORATE OFFICE

Batliboi House, S. V. Road, Jogeshwari (W),
 Mumbai - 400 102. INDIA.

FACTORY

a) P.O. Fateh Nagar, Surat Navsari Road, Udhna - 394 220
 b) Srv. No. 185/1/1, Plot No. 19 Village Amli, Silvassa - 396 230

SOLICITORS

Kanga & Co.

AUDITORS

V. Sankar Aiyar & Co.

**REGISTRAR &
 SHARE TRANSFER AGENTS**

Datamatics Financial Services Ltd., Plot No. A/16 & 17, MIDC,
 Part-B, Cross Lane, Marol, Andheri (E), Mumbai - 400 093.

BANKERS

Bank of Baroda
 Corporation Bank
 Dena Bank
 Punjab National Bank
 Syndicate Bank
 Union Bank of India

Batliboi Ltd.**55th ANNUAL GENERAL MEETING****NOTICE**

NOTICE is hereby given that the Fifty Fifth Annual General Meeting of BATLIBOI LTD. will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, K. Dubash Marg, Mumbai - 400 023 on Wednesday, the 30th December, 1998 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Report of Directors, the Audited Profit and Loss Account for the year ended March 31, 1998, the Balance Sheet as at that date and the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. Vijay Kirloskar, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. S. M. Patil, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. K. K. Anand, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without any modification, the following as an ORDINARY RESOLUTION:

"RESOLVED THAT Messrs. V. Sankar Aiyar & Co. Chartered Accountants be and are hereby appointed as Auditors of the Company, to hold, office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

RESOLVED FURTHER THAT the remuneration payable to the aforesaid Auditors, appointment of and remuneration to Branch Auditors shall be mutually agreed upon between the concerned Auditor/s and the Board of Directors."

SPECIAL BUSINESS:

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

"RESOLVED THAT in supersession of all the earlier resolutions passed by the members of the Company and pursuant to Section-293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time such sums of moneys for the purpose of business of the Company on such terms and conditions and with or without security as the Board of Directors may think fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Company shall not at any time exceed the sum of Rs.75 Crores (Rupees Seventy Five Crores Only).

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to give effect to this resolution."

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

"RESOLVED THAT in supersession of the earlier resolution and pursuant to the provisions of Section-163 of the Companies Act, 1956 the Company hereby approve that the Register and Index of Members, the Register and Index of Debenture Holders and copies of all Annual Returns prepared under Section-159 of the Companies Act, 1956, together with the copies of certificates and documents required to be annexed thereto under section-161 of the Companies Act, 1956 or any one or more of them, be kept at the Office of the Company's Registrar & Transfer Agents, M/s. Datamatics Financial Services Ltd. having their office at Plot No. A-16/17, MIDC, Part-B Cross Lane, Marol, Andheri (East), Mumbai. 400 093."



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

RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered by inserting the following Heading and Article as Article 28A after Article 28.

28A**BUY-BACK OF SHARES**

Buy back of Shares

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

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

"RESOLVED THAT subject to the provisions of Section 17, and any other applicable provisions, if any, of the Companies Act, 1956 and subject to necessary approvals, confirmation of the Company Law Board or any other authority competent in this regard, Clause 3 (objects clause) of the Company's Memorandum of Association be amended by way of addition thereto of a new subclause (xlili) as under:

- (xlili) To carry on the business and undertake the activities relating to Business Service Centre pertaining to the Company's offices wherever the said business could be conveniently and profitably combined with the business of the Company in order to enhance the value of or render profitable any of the Company's property or rights."

By Order of the Board of Directors

B B Vanwari

VICE PRESIDENT (LEGAL) &
COMPANY SECRETARY.

Mumbai,
Dated 26th November, 1998.

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

NOTES:

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under items 6 to 10 set out above are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
3. The Register of Members and the Transfer Books of the Company were closed from Tuesday, the 1st September, 1998 to Tuesday, the 15th September, 1998 both days inclusive.
4. The shareholders are requested to send all their correspondence including transfer deeds to Datamatics Financial Services Limited, Plot No. A-16/17, MIDC, Part-B Cross Lane, Marol, Andheri (East), Mumbai - 400 093, with effect from 7th January 1998.

Batliboi Ltd.**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 6**

Under Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company cannot borrow any amount (apart from the temporary loans obtained from Company's Bankers in the ordinary course of business) beyond the aggregate of the paid-up share capital of the Company and its free reserves unless authorised by the members by way of a resolution. Since this limit was fixed in 1992 and your Company is approaching Banks/Financial Institutions for enhancement of working capital and other financial assistance, it is necessary that the aforesaid Limit of Rs. 50 Crores be increased to Rs. 100 Crores. It is, therefore, considered expedient to approach the members to revise the limit so as to authorise the Board of Directors to borrow upto Rs.75 Crores (Rupees Seventy Five Crores Only) apart from temporary loans obtained from Company's bankers in the ordinary course of business. Hence this resolution.

None of the Directors is concerned or interested in the resolution.

ITEM NO. 7

As per Section-163 of the Companies Act, 1956, the Register of members, the Index of members, the Register and Index of Debenture Holders and copies of all Annual Returns prepared under Section 159, together with the copies of Certificates and Documents required to be annexed thereto under Section-161 shall be kept at the Registered Office of the Company. The Section further provides that such Registers, Indexes, Returns and copies of Certificates and Documents or any one or more of them may, instead of being kept at the Registered Office of the Company be kept at any other place within the city, town or village in which the registered office is situated if such other place has been approved for this purpose by a special resolution passed by the Company in General Meeting and the Registrar has been given in advance a copy of the proposed special resolution.

The Company has appointed Datamatics Financial Services Limited, Mumbai (DFSL) (an Associate Company of Datamatics Limited, earlier R.&T. Agents) having its registered office at Plot No.A-16/17, MIDC, Part B Cross Lane, Marol, Andheri (E), Mumbai. 400093 as Registrar & Transfer Agents, for Equity Shares and Non-Convertible Debentures of the Company.

As Datamatics Financial Services Ltd. will be handling all work related to the Equity Shares and Debentures, it is necessary and convenient to keep the Register and Index of Members, Register and Index of Debenture holders and copies of all Annual Returns and Certificates and Documents required to be annexed thereto at their office at Plot No.A-16/17, MIDC, Part B Cross Lane, Marol, Andheri (East), Mumbai. 400 093, with effect from 7th January, 1998. Hence this resolution.

An advance copy of the proposed Special Resolution set out in the accompanying Notice will be delivered to the Registrar of Companies, Maharashtra, Mumbai as required under Section - 163 of the said ACT.

The Directors recommend the Resolution for approval of the Shareholders.

None of the Directors is concerned or interested in the resolution.

ITEM NO. 8

Presently the Companies Act, 1956 and Article 28 of the Articles of Association of the Company prohibit the Company from purchasing its own shares and securities. The Articles of Association of the Company are proposed to be altered by including a new Article 28A as set out in the Resolution at item No. 8, to enable the Company to purchase its own Ordinary Shares and/or Securities in view of the Ordinance passed by the Government. The Company would seek the prior approval of the Shareholders as and when it is proposed to buy back the Company's Shares.

None of the Directors is concerned or interested in the resolution.

ITEM NO. 9

Your Company proposes to diversify into the activities relating to Business Service Centre in order to fully utilise the available office space at various locations. Though the present Objects Clause of the Company's Memorandum of Association does allow the Company to carry on the business of running a Business service centre, however, it is deemed necessary, out of abundant caution to incorporate a specific clause as mentioned at item no. 10, in the Memorandum of Association of the Company. It is felt that the business of service centre can be conveniently and advantageously be combined with the present business of the company and enhance its profitability by utilising the company's non-performing assets including rights.

None of the Directors are directly or indirectly concerned or interested in the above resolution.

By Order of the Board of Directors

B B Vanwari

Vice President (Legal)
& Company Secretary

Mumbai,
26th November, 1998

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



DIRECTORS' REPORT

The Members,

Your Directors submit their 55th Annual Report together with the Audited Accounts for the year ended 31st March, 1998.

1. FINANCIAL RESULTS

	Year ended 31-03-1998 (Rs.in lakhs)	Year ended 31-03-1997 (Rs.in lakhs)
(Figures regrouped)		
Total Sales (including indirect sales)	25702.51	35473.69
Sales income	20936.80	23886.56
Other income	1149.93	79.12
Operating Profits	1061.42	795.75
Add : Amount withdrawn from revaluation reserve	37.80	38.72
	<u>1099.22</u>	<u>834.47</u>
Less : Interest	941.09	1016.52
Depreciation	311.33	312.18
Deferred revenue		
Expenditure	<u>47.02</u>	<u>64.93</u>
Profit/(Loss) before tax	(200.22)	(559.16)
Profit/(Loss) after tax	(200.22)	(559.16)
Add/(Less)		
Transfer from Investment		
Allowance Reserve utilised	—	23.07
Transferred from General Reserve	—	40.00
Balance as per last Balance Sheet	(405.23)	90.86
Available Surplus/(Deficit)	(605.45)	(405.23)
Directors' recommendations for appropriation:		
Proposed Dividend on Equity Shares	—	—
Transfer to General Reserve	—	—
Transferred to Debenture	—	—
Redemption Reserve		
Balance to be carried forward	(605.45)	(405.23)

2. PERFORMANCE

The overall performance for the 12 months ended 31st March, 1998 was disappointing due to continued recession and particularly a high negative growth rate in the engineering & capital goods industry. The total sales including indirect sales (which is reflected in the Balance Sheet by commission income generated from it) was Rs.25702.51 lakhs as against Rs.35473.69 lakhs. The total income stood at Rs.22086.73 lakhs as against Rs.23965.68 lakhs for the previous year. This resulted into a loss of Rs.200.22 lakhs as against a loss of Rs.559.16 lakhs for the previous year.

3. DIVIDEND

Your Directors regret their inability to recommend dividend in view of the loss.

4. OPERATIONS

4.1 BATLIBOI MACHINE TOOLS GROUP

a) Machine Tools & Foundry

During the year the economy was in the grip of a slow down bordering on recession. The Automotive sector which is a major consumer of Machine Tools, registered a decline in production. The production of heavy and light commercial vehicles posted a steep decline. New investments in Machine tools were not made in this sector. This also had an effect on the performance of Machine Tool Group during the year. This coupled with reduction in margins due to severe competition resulted in both the Machine Tool & Foundry Divisions not achieving the budgeted results.

The first batch of 6 VMC built with the technical know-how from Cincinnati Milacron were despatched from our factory.

During the year we delivered 1 No. Drilling Centre Model BDC-50 and 1 No. SPM to Telco, Jamshedpur both valued at Rs.135 lacs.

New introduction of CNC lathe is expected to give an additional dimension to the product mix already available.

b) Machine Tool Division (Agencies)

Despite adverse market conditions, the Machine Tools Trading division could achieve Sales of Rs.3272 lacs (including indirect sales) during the year. This also reflects drop in sales of around 39% compared to the previous year.

The main feature of division's performance during the year has been expansion of customer base by adding new customers with emphasis on aggressive selling.

c) Plastic Machinery Division

The Plastic Machinery Division achieved sale of Rs.1040 lacs during the year. This division has also been affected by the slow down in the economy.

The highlight of the year was our successful participation in IMTEX-98 an International Machine Tool Exhibition held every 3 years by Indian Machine Tool Manufacturers Association. Batliboi presented all new CNC versions of latest machinery such as VMC, HMC, Turning Centre as well as model for Double Column Bridge type Vertical Machining Centre which attracted a lot of prospective buyers. This exhibition has shown the manufacturing capability of the Company to the buyers and will assist to expand the current clientele.

Batliboi Ltd.

The outlook for the year 1998-99 is still not bright as demand for machine tools continues to be depressed and in fact gone down by almost 30% during the 1st half of 1998-99. However, efforts are being made to expand the Principals and customer base in order to widen the network and make the group profitable.

4.2 BATLIBOI INDUSTRIAL MARKETING GROUP

a) Power Generation Division (PGD)

The year under review was extremely difficult. For the first time in India, availability was greater than demand - supply being augmented by liberal availability from overseas and demand being suppressed because of extremely poor level of industrial activity.

This resulted in greater pressure on margins and as a consequence, the operations turned into a loss during the year.

The positive side of business was our ability to establish ourselves for sound proof gensets. With this base, it is expected that over the years, the business for value added segments would improve.

We started operating from our new manufacturing facilities at Silvasa during the year.

b) Material Handling Division (MHD)

Extremely negative market conditions resulted in a drop in business, for the first time. Low demand and extremely poor cash availability from customers resulted in extremely strained cash flow resulting in a much lower profitability. However our market share has improved.

c) Industrial Controls Division (ICD)

Complete range of S+S products was launched during the year. It has received very encouraging response from the Industrial Market with customers and Panel builders. ICD made significant progress during the year and reported rise in sales inspite of depressed marketing conditions in electrical products. General outlook for the year 1998-99 for Switchgear Industry is not very encouraging. However, ICD has targeted high growth due to good response to S+S brand.

d) Agro Industrial Products Division (AIPD)

Unfavourable market conditions including erratic rains in many States affected the sale of Engines and Pumps. Various steps have been taken to restructure the operations of this division, rationalisation of manpower, focused approach and to reduce expenses. With these measures performance of this division is expected to improve during the current year. This will, however, largely depend on the external factors like timely rains and Government subsidies for Farm

Equipment. This division has also been restructured since it has been incurring losses in the past. We are closely watching the operations of this restructured division.

4.3 TEXTILE ENGINEERING GROUP

The overall performance of the Business Group was satisfactory, despite the year 1997-98 seeing the textile industry enter into a deep crisis, due to acute demand recession. The latter half of the year, particularly saw the textile mills pile up huge stock of unsold goods. This has resulted in the industry deferring their plans for investment for modernisation and expansion.

(a) Textile Machinery Division (TMD)

The division was successful in achieving their annual turnover and profitability targets and this was largely due to the balancing of sales across the various diverse product lines.

Sales of circular knitting machines were particularly encouraging and the division was able to improve its market share from 15 to 19%. The type of machines sold were also high value, latest generation models for high fashion products.

Significant contributions were also made by sales in the new product lines i.e. collar knitting machines, yarn dyeing machines and denim preparatory lines. The initial orders in these particular new product lines are likely to prove to be good references for future sales.

The open end spinning machines business which is one of the main products of the division, continued to do reasonably well. The market share here increased very substantially from about 40% to 55%. Unfortunately due to the sky rocketing of cotton prices, this business was badly affected for the second half of the year, due to which there was only a marginal increase in the volume of sales.

The most significant event of the year was the adding of a complete ring spinning machinery line to the existing product range of the division. In February, 1998 the Textile Machinery Division signed an agency agreement with India's leading manufacturer, M/s Textool Company Ltd, Coimbatore. Their products being well reputed in the Indian market, this association will make significant contribution to the long term business prospects of the division.

(b) Textile Air Engineering Division (TAE)

While the booking and billing for the first half of the year was good, the second half performance was not satisfactory. This was mainly due to the delay in implementation of new projects and customers not



accepting delivery of equipments. Despite shortfall in the budgetted billing, the division maintained good profitability.

Complete range of Humidification and Fibre / Waste Recovery equipments manufactured by us in technical collaboration with MAZZINI Ici, Italy, are working to the entire satisfaction of the textile mills. This has enabled the division to book repeat orders as well as orders from various 100% EOUs which were till recently importing their entire requirement from European countries. Waste recovery equipments have excellent growth potential since latest Blowroom, Carding and Combing machines are to work with intermittent / continuous waste collection system for higher production at consistent quality.

Since modern Textile Mills required to equip their Airconditioning stations with Automatic Controls for maintaining temperature and humidity within specified range, the division finalised an agreement with SAUTER AG, Switzerland, for representing them in India, as their agent for supply of electronic and pneumatic type Automatic control equipments for Textile Industry. During the year, we successfully commissioned Automatic control equipments to many Textile Mills. Batliboi is today a leading supplier of Automatic Control Equipments to Textile Industry for Air engineering application and will show excellent growth during the coming years.

During the year, the TAE manufacturing division was accredited with ISO 9001 by TUV, Germany.

However, depressed as the conditions are in the Textile Industry, the profitability of these Divisions will not be the same in the year 1998-99.

4.4 BATLIBOI AIRCONDITIONING & REFRIGERATION GROUP

Though the overall result of the division was not satisfactory due to poor order inflow during the year and overall down turn in the industrial sector coupled with tight money market situation, they could minimise the loss by containing same below the budgeted figure.

Meanwhile, the accessing international technology for customer's benefit continued and collaboration agreement was signed with Daikin Industries Ltd, Japan, for manufacturing sophisticated air cooled chillers, compatible both for reciprocating and screw compressors.

The manufacturing unit got ISO 9000 certification for its entire range of product and service, including the high performance airconditioners produced for Hiross Batliboi (India) Ltd, a JV between Batliboi Ltd and Hiross S.p.A, of Italy.

4.5 BATLIBOI ENVIRONMENTAL ENGINEERING GROUP

a) Air Pollution Control Division (APC)

During the financial year 1997-98, APC achieved the order booking of Rs.402 lakhs with corresponding billing of Rs.489 lakhs bringing down the backlog by Rs.87 lakhs. The year, the general recession in industry has severely affected the business of APC and many projects, where we were participating, got delayed or were dropped, resulting in loss of orders.

b) Industrial Fan Division (IFD)

IFD achieved an order booking of Rs.180 lakhs and billing of Rs.262 lakhs. Udhna works did a commendable job in achieving the billing target, particularly considering the past performance. The order backlog was brought down substantially to Rs.73 lakhs. Recessionary conditions are affecting this business too.

c) Project Engineering Division (PED)

PED did an order booking of Rs.300 lakhs against billing of Rs.923 lakhs, during the year 1997-98. The order booking for the current year is severely affected owing to loss of orders to Original Equipment manufacturers, who have started participating in turnkey projects, where equipment supply forms a major portion of the contract. This year, it has become more competitive, with major civil contractors entering the PED turnkey jobs, where the civil portion is substantial. This trend seems to continue even in the near future.

5. PROSPECTS

Your Company continue to be adversely affected by the liquidity crunch and consequent slow down, and demand recession. The political uncertainty in the country has resulted in postponement of decisions in the capital intensive industry thereby affecting the offtake of the equipments on order with us. The situation in the current year unfortunately continues to be grim. The capital goods industry, exposed to international competition with the reduction of customs duty and liberalised imports, registered a negative growth of 4% during the year. Though your Company is making all out efforts to improve its performance, it would also help if the present Government plays a constructive role by providing a level playing field to capital goods industry with suitable relaxation in making finance available to the genuinely needy companies at reasonable rates. The present spread in advance rates between the PLR and rates to companies like ours is much too high. In fact we feel that the Banks should really come out to assist bonafide, well managed and potentially good companies to face the present recession

Batliboi Ltd.

by relaxation in rates of interest and specific purpose term loan advances to enable the old companies to become globally competitive.

6. RESTRUCTURING OF ORGANISATION

As the members are aware, the Company had taken up a programme of reorganisation and restructuring by regrouping its 9 Business Groups into 5 Strategic Business Units (SBU). During the year under review, the Company has transferred one of its SBUs ie: Batliboi Environmental Engineering Group (BEEG) along with all assets and liabilities as a going concern to its subsidiary, ie: Batliboi Environmental Engineering Ltd (BEEL). Since BEEL was in the similar business of environmental engineering, it was felt that in order to avoid overlapping of activities between these two companies and achieve greater synergies, focus and economies of scale, it would be advisable to carryout the above restructuring of business. The above transfer was approved by the shareholders at their Extra Ordinary General Meeting held on 20th February, 1998.

Your Directors are pleased to inform you that necessary Agreement has been signed between the Company and BEEL. Several other formalities are being completed for the aforesaid transfer, which would be effective 30th March, 1998. The value of the assets transferred to BEEL by the Company was fixed at Rs.19.32 crores and the Company has been allotted Equity Shares of Rs.4.84 crores and Convertible Debentures of Rs.4.00 crores by BEEL. The balance consideration is being converted into short-term loans payable by BEEL to the Company.

As a part of restructuring, the Consumer Durable Division has now been completely closed and the Company had to suffer severe loss on this account.

7. FIXED DEPOSITS

Deposits aggregating Rs. 26.45 lacs falling due for payment on or before 31st March 1998 were standing unclaimed as on that date.

8. SUBSIDIARIES

The Directors' Annual Reports and Final Accounts of the Company's Subsidiaries are annexed, and form part of this report. A statement pursuant to Section 212 of the Companies Act, 1956 in respect of subsidiaries is attached.

8.1 Batliboi International Limited's total income stood at Rs.632 lakhs for 1997-98, with a profit after tax of Rs.31 lakhs.

8.2 Batliboi Environmental Engineering Limited achieved a turnover of Rs.67.57 Crores during 1997-98, with a profit after tax of Rs. 66 lakhs. The Company is expected to continue to improve its performance further.

8.3 Batliboi Impex Limited generated a total income for the year of Rs. 18 lakhs and a profit after tax of Rs. 1.33 lakhs as against Rs. 0.02 lakhs during the previous year.

8.4 Sustime Pharma Limited has achieved a turnover of Rs.13.53 lakhs. Its products have been well accepted in the market and efforts are on to improve its performance further.

9. JOINT VENTURES

9.1 Cincinnati Milacron Batliboi Ltd (CMBL)

In view of the present recession in the capital goods industry as well as the uncertain political scenario in the country, Cincinnati Milacron (CM), USA and your Company decided to restructure the relationship by Cincinnati Milacron (CM) dis-engaging from Joint Venture (JV) and continuing the Technical Know-How Licence and Supply Agreements.

Your Company felt that restructuring of the relationship with CM would be in the interest of the Company since Company's primary requirement was Technical Know-How, JV being only a marketing set-up.

Your Company has accordingly signed a Memorandum of Understanding on 29th January, 1998 giving effect to the above decision. Cincinnati Milacron, however, shall continue to provide its Know-How as per their Agreement with the Company.

9.2 Batliboi Foras Ltd. (BFL)

Your Company's Joint Venture with Foras Energy A/S, Denmark, is making steady progress. The JV has been successful in achieving profitability in less than two years. The Company has made pre-tax profit of Rs. 5.21 lacs in 1997-98 and is expected to improve its performance further through increase of its customer base and diversifying into areas of electrical contract services to complement its core business of wind turbine operations and maintenance.

9.3 Hiross Batliboi (India) Ltd.

The High Precision Airconditioning Systems being manufactured by the Joint Venture with Hiross S.p.A. targeted to Telecommunications, Software/Computers, Precision Measurement Rooms and other sophisticated equipment cooling applications have found wide acceptance with the customers. This Joint Venture has secured prestigious orders from Birla AT & T Communications Ltd., Hutchison Max, Reliance Telecom during 1997-98 which have been successfully executed. With the opening up of private basic telecom services, the demand for these products is expected to increase substantially leading to sustainable levels of growth and profit.