

BATLIBOI LTD.

Annual Report 1999 - 2001

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Batliboi Ltd.

BOARD OF DIRECTORS

Mr. Pratap Bhogilal - Executive Chairman
 Mr. Nirmal Bhogilal - Managing Director
 Dr. K.K. Anand
 Dr. S.M.Patil
 Mr. Vijay R. Kirloskar
 Mr. S.D.S. Mongia
 Mr. A. N. Sharma - Nominee of UTI
 Mr. C. Balaraman
 Mr. J. P. Malik - Executive Director
 Mr. G. Verghese - Executive Director

CORPORATE MANAGEMENT

Mr. Pratap Bhogilal	Executive Chairman	
Mr. Nirmal Bhogilal	Managing Director	
Mr. C. Balaraman	C.E.O.	Environmental Engineering Group
Mr. Jagdish P. Malik	C.E.O.	Machine Tool Group
Mr. George Verghese	C.E.O.	Textile Engineering Group &
Mr. K. L. Swami	Group C.F.O.	Air Conditioning and Refrigeration Group
Mr. B. B. Vanwari	Vice President (Legal) & Company Secretary	
Mr. C. K. Singh	G. M.	HRD / Organisational Development

REGISTERED OFFICE

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

CORPORATE OFFICE

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

FACTORY

P.O. Fateh Nagar, Surat Navsari Road, Udhna - 394 220.

AUDITORS

M/s. V. Sankar Aiyar & Co.
 Chartered Accountants

**REGISTRAR & SHARE
TRANSFER AGENTS**

Datamatics Financial Software & 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



57TH ANNUAL GENERAL MEETING NOTICE

NOTICE is hereby given that the Fifty Seventh Annual General Meeting of BATLIBOI LTD., will be held at Walchand Hirachand Hall, Indian Merchants' Chambers, Churchgate, Mumbai 400020 on Tuesday the 31st July 2001 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Report of Directors, the Audited Profit and Loss Account for the 18 months period ended 31st March, 2001, the Balance Sheet as at that date and the Report of the Auditors thereon.
- To appoint a Director in place of Dr. K. K. Anand, who retires by rotation and being eligible, offers himself for reappointment.
- To appoint a Director in place of Dr. S. M. Patil, who retires by rotation and being eligible, offers himself for reappointment
- To appoint a Director in place of Mr. C. Balaraman, who retires by rotation and being eligible, offers himself for reappointment
- 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."

By Order of the Board of Directors

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

Mumbai :
29th June 2001
Registered Office
Bharat House, 5th Floor
104 Bombay Samachar Marg
Mumbai 400001

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- Proxies in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- The Register of Members and the Share Transfer Books of the Company are closed from Friday the 13th July 2001 to Friday the 27th July 2001 both days inclusive.

DIRECTORS' REPORT

The Members,

Your Directors submit their 57th Annual Report together with the Audited Accounts for the 18 months period ended 31st March 2001.

1. FINANCIAL RESULTS

	18 Months period ended 31.3.2001 (Rs. in lakhs)	18 Months period ended 30.09.99 (Rs. in lakhs)
(Figures regrouped)		
Total Sales (including indirect sales)	21769.48	27608.32
Sales income	11352.61	17651.32
Other income	2339.11	1684.25
Operating Profits	(563.30)	1789.27
Add : Amount withdrawn from revaluation reserve	73.52	90.36
	(489.78)	1879.63
Less : Interest	1143.79	1305.77
Depreciation	413.70	487.19
Deferred revenue Expenditure	43.86	46.01
Profit / (Loss) before tax	(2091.13)	40.66
Profit / (Loss) after tax	(2091.13)	40.66
Add / (Less)		
Balance as per last Balance Sheet	(564.79)	(605.45)
Available Surplus / (Deficit)	(2655.92)	(564.79)
Balance adjusted against Revaluation Reserve	2655.92	Nil
Balance to be carried forward	Nil	(564.79)

2. ACCOUNTING YEAR

Your Company has extended the Accounting Year by six months ending 31st March 2001. Hence the Current Financial Year consists of 18 months period i.e. 1st October 1999 to 31st March 2001. The Company has obtained necessary Approvals from the Registrar of Companies, Maharashtra for extension of Accounting Year and for holding this Annual General Meeting on or before 31st July 2001.

3. PERFORMANCE

The overall performance for the 18 months ended 31st March 2001 continued to be disappointing owing to recession and negative growth in the Engineering and Capital Goods Industry. The total sales including indirect sales was Rs.217.69 crores as against Rs.276.08 crores for the previous period of 18 months. The total income stood at Rs.136.91 crores as against Rs. 193.36 crores for the previous period. This resulted into a loss of Rs. 20.91 crores as against a profit of Rs.40.66 lacs for the previous period.

4. DIVIDEND

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

5. RESTRUCTURING

The restructuring of the Company at Operation as well as Financial level is in process. At the operational level, several measures of cost reduction, improvement of productivity and new product development have been undertaken by your

Batliboi Ltd.

Company. This has been explained in this Directors' Report in further details. At the financial level, the Promoters of the Company have brought in interest free loans as well have subscribed to the equity capital of the Company. They have also brought in further funds to be utilised for the one time settlement with the Debenture- holders.

6. DEBENTURES

Pursuant to the Share-holders' Special Resolution passed at the Extra Ordinary General Meeting of the Share-holders on 29th March 2001, the Company has made one time settlement with UTI, General Insurance Co. of India and its 4 subsidiaries i.e. New India Assurance Co. Ltd., National Insurance Co. Ltd., United India Insurance Co. Ltd. and Oriental Insurance Co. Ltd.

Your Directors are pleased to inform you that the Company has settled over 90% of the dues against the Debentures held by them and the public, under the said one time settlement. Balance is expected to be settled by end July.

Your Company is also in the process of restructuring its Working Capital from the Banks and the Banks have already approved in principle the restructuring Scheme.

These measures will considerably reduce the interest burden on the Company.

7. CAPITAL

In terms of one time settlement with Unit Trust of India, the Company has allotted 6,08,480 - 1% 7 years non-cumulative redeemable preference shares of Rs.100/- each at par, redeemable in 3 instalments commencing from the expiry of 5th year from the date of allotment. These preference shares have been allotted against part discharge of the Company's liability on debenture dues to UTI.

The promoters of the Company i.e. Mr. Pratap Bhogilal and Mr. Nirmal Bhogilal have also subscribed to 92,42,100 Equity Shares of the Company of the face value of Rs.10/- each at par aggregating Rs.9,24,21,000/-. Consequent to the aforesaid allotment of preference shares to UTI and Equity Shares to the Promoters, the Company's paid-up Equity Capital has increased to Rs. 1349.99 lacs and Preference Capital of Rs. 608.48 lacs. The Company had earlier increased its Authorised Capital from Rs.10 crores to Rs.30.01 crores.

8. OPERATIONS**8.1 BATLIBOI MACHINE TOOLS GROUP (BMTG)****a) Machine Tools & Foundry**

This business group has achieved a turnover of Rs. 28.45 crores during the period under review.

During the period, the recession in the Manufacturing Industry continued and in fact became deeper. In the Automotive Sector, besides the decline in the production of heavy and light commercial vehicles, the Tractor Industry also registered a negative growth. Consequently new investments by the main producers and their vendors were postponed.

In view of the depression in demand in the domestic market, the Machine Tool Group has made efforts for increasing export of their products. With this object, the Group together with Batliboi International had participated in International Manufacturing Technology Show - IMTS 2000 held during September 2000 at Chicago USA. This has resulted in important enquiries which have a potential for substantial business for the Group. These are being followed up at the highest level. Besides this, the division is also in contact with a few agencies in Europe for export of Batliboi machine tools and for manufacture of machines built to the

specification of the European Machine Tool Builders. These leads have good scope for Export business during the next year and beyond.

The Business Group also participated in IMTEX 2001 held during January 2001 at New Delhi. This is an important Machine Tool Exhibition organised by Indian Machine Tool Manufacturers Association every three years. The Business Group participated in this Exhibition with its latest CNC products. The Directors are pleased to inform you that one of the products displayed - Chetak Twin Spindle Vertical Machine Centre with Twin ATC, Chetak 55 MC 2S was chosen for CMTI- PMT Trust award for the best design of the year.

A new family of CNC Turning Centres - Sprint 16 TC and Sprint 16C was introduced and displayed in IMTEX 2001. The displays at IMTEX attracted good response. These products are expected to make a significant contribution to the future turnover of the Group.

In order to prepare a strategy for the turn around of the Group, the Balanced Score Card methodology has been adopted to focus on specific steps required to improve marketing, manufacturing and quality of the products. This Score Card has been devised in consultation with Renaissance Worldwide Consulting now known as Cedar Enterprise Solutions Pvt. Ltd. This is a world renowned consulting company specialising in introduction of the Balanced Score Card.

A major initiative has been taken by the Group to reduce cost and improve viability of its manufacturing facilities at Udhna.

b) Machine Tool Trading Division

Machine Tool Trading Division entered into Marketing Agency Agreement with PSG Industrial Institute, Coimbatore for marketing their turning machines. With this arrangement, the division was able to book orders for Rs.2.19 crores for these products during the period.

The Trading Division executed orders for Rs.37.96 crores from indigenous and Foreign Principals during the period.

Trading Division also participated in the IMTEX 2001. Zett Mess Germany one of our principals displayed their portable 3 cordinate measuring machines in our stall. Representatives of our principals Strojimport, Skoda and Zdas were available to meet the potential customers and provide any information on the spot.

The division is continuing its efforts to add more principals to broaden and diversify its offerings to customers and thereby increase turnover.

8.2 TEXTILE ENGINEERING GROUP

Overall performance of the Business Group for the 18 months ended 31st March 2001 was satisfactory despite the continued recession in the textile industry. During the first half, the textile industry was severely hit due to the acute demand recession, severe competition in price and lower realisation. The second half has shown some sign of recovery. However, there was hardly any investment for modernisation / expansion. This has resulted in poor demand for textile machines and textile air engineering equipments. Nevertheless, because of our manufacturing and marketing strength and excellent support from our foreign principals, the business Group has done well by showing commendable growth in business and profitability.



This Business Group successfully participated in ITMA, Mumbai during the year under review. The response from customers to the products displayed at this International Exhibition was very encouraging.

(a) **Textile Machinery Division (TMD)**

The division has shown growth in business to achieve a turnover of Rs.81.09 crores and consequently net contribution too has improved. This has been achieved by increase in business of circular knitting machines and open end spinning machines and by strict control on direct and indirect expenses.

The latest technology electronic circular knitting machines manufactured by Mayer & Cie has helped in increasing our market share.

Business of open end spinning machines was also very good since new Elitex -Model D 30 was well received in the market. Spares and ancillary business has also shown satisfactory growth.

It is expected that business for textile machinery, in particular, circular knitting, finishing and dyeing machines will continue to be satisfactory in the current year.

We are well placed to take the full advantage since our foreign principals have the latest technology and equipment to meet the market requirements and with the continued thrust on exports by our customers.

(b) **Textile Air Engineering Division (TAE)**

In spite of the recession in the textile industry, the Division has done extremely well to increase the market share and profitability. The business has grown by 40% to Rs.17.64 crores during the period under review and consequently the net contribution has increased substantially. This was achieved by adding new products in the Humidification and Waste Recovery System and increasing export activities. The technical collaboration agreement with Mazzini ICI, Italy for manufacturing latest Humidification and Waste Recovery System was renewed for further period.

We have trained our Senior managers from manufacturing and project divisions in our principals' factory for introduction of new equipments and system designs.

During this period, we have extended our export activities to Bangladesh and have done good business. We have also supplied several Humidification plants both in India and other countries, equipped with automatic controls manufactured by Sauter AGS Switzerland, whom we represent in India for the textile industry.

The division has also identified Waste Recovery System as the thrust area for business in textile industry. Having established our name in Bangladesh and Nigeria, the division is expected to increase business substantially in these countries in the coming year.

The pending order position is satisfactory and the division is expected to further improve market share, business and profitability during the next year as well.

8.3 **BATLIBOI AIRCONDITIONING & REFRIGERATION GROUP**

This Division has done satisfactory business during the year under review and achieved a turnover of

Rs.17.60 crores. During this period the division has completed and handed over most of the old jobs. The division's strategy was to book orders for medium sized jobs and to increase the Annual Maintenance Contract business to improve the cash flow and profitability. We successfully achieved this.

Through strict control in cost and direct / indirect expenses, we could reduce the loss substantially.

During this period, re-engineering of the package units was undertaken to reduce cost of the products and to make it more competitive in the market. We have successfully manufactured and received approval for the latest package type air conditioning units required by DOT. This has helped the Division in booking several orders for execution during the next year.

The division hopes to turn the corner and be profitable in 2001/2002 considering better realisation for the products, good pending order position and substantial reduction in overheads and direct cost in the factory.

8.4 **AGRO INDUSTRIAL PRODUCTS DIVISION (AIPD)**

Business has been restructured and while its losses have been reduced in the year under review, it is expected to be profitable in 2001/2002. This division achieved a turnover of Rs. 3.95 crores

9. **HUMAN RESOURCES**

The Company's endeavour to rightsize its operations has been successful to a great extent.

The focus on reduction of manpower at the manufacturing, marketing and corporate headquarters through voluntary retirement scheme enabled the company to achieve better value addition per employee and become cost competitive. Efforts in direction of cost reduction continue with vigour. The industrial relations at all locations continue to remain peaceful and cordial.

However, the Company continues to recruit qualified, competent and technical specialists at its various business unit locations depending on its business needs to enable greater thrust in marketing, improvement in productivity and quality.

10. **PROSPECTS**

The cause for concern is the significant downturn in the manufacturing industry which continues as per data published by the Government for April 2001. This has an adverse effect on the capital goods industry to which the company belongs. The focus on further reduction of overheads and material costs continues. The burden on account of interest payable will also come down significantly. Therefore, the Company's restructuring exercise to make itself internationally competitive is expected to bear fruits during the current financial year. The Company is continuing its efforts to concentrate on its core businesses, further product development and thrust on exports.

With all these measures undertaken, the Company expects to improve its performance in the current year.

11. **FIXED DEPOSITS**

Deposits aggregating Rs. 4.61 lacs falling due for payment on or before 31st March 2001 were standing unclaimed as on that date.

Batliboi Ltd.**12. SUBSIDIARY**

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

Batliboi Environmental Engineering Limited achieved a turnover of Rs. 26.20 crores during 2000-2001 with a profit after tax of Rs 54.95 lakhs.

13. JOINT VENTURES**13.1 Indef Marketing Services Ltd.**

Owing to your Company's strategy to concentrate on its core business, this Joint Venture with Hercules Hoists Ltd. has been terminated.

13.2 HIROSS Batliboi (India) Ltd.

As reported in the last Directors' Report, Hiross S.p A has since purchased the 49% share-holding of your Company at par value. Your Company has therefore exited from the said Joint Venture with Hiross.

14. SALE OF INVESTMENT

As part of the ongoing financial and business restructuring, your Company decided to sell part of its investments in Batliboi Environmental Engg. Ltd. The above sale has been concluded at a total consideration of Rs. 11.25 crores.

Since the aforesaid Company's shares were not listed at Stock Exchange, the said valuation was done by an independent Chartered Accountant.

15. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

During the 18 months period ended 31st March 2001, foreign exchange earnings were Rs.5.17 crores and the foreign exchange outgo was Rs. 31.22 lakhs. Further details may be obtained by referring to Notes 21 to 25 to the Accounts.

16. CONSERVATION OF ENERGY

The measures taken by the Company during the year for conservation of energy at its Udghna factory were as follows, resulting in the total savings of Rs. 13.90 lacs.

1. In Foundry Division, the Electricity Contract Demand was reduced from 1200 KVA to 950 KVA resulting in a saving of Rs. 6.12 lacs per annum.
2. The power factor of Electricity was improved and maintained around 0.998 and thus getting a total rebate of Rs.4.08 lacs per annum in the Electricity Bills of all Divisions.
3. In MTD Division Machine Shop, 45 KW Motor of vertical Boring Machine was replaced by 12.5 HP Motor and thus saving Rs.2.5 lacs per annum.
4. Similarly 45 KW Motor of Planer Machine was replaced by 30 KW Motor by which energy is saved around Rs.1.2 lacs per annum.

17. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Information in respect of Technology absorption in Form B to Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1958, is given in Annexure-I to the Report.

18. DIRECTORS

Dr. K. K. Anand, Dr. S. M. Patil and Mr. C. Balaraman, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. A. N. Sharma, has been nominated by UTI as its Nominee Director with effect from 14th June 2001.

19. AUDITORS

M/s V Sankar Iyer & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

20. AUDITORS' REPORT

The Auditors' Report to the members on the Company's final accounts for the 18 months period ended 31st March 2001 is prefixed thereto. As regards the comments of the Auditors in the Audit Report, the explanation as given in the Accounts read with notes forming part of Accounts are self explanatory. Your Directors have taken note of the Auditor's observations and have initiated corrective actions.

21. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act 1956, the Board of Directors of the Company hereby state and confirm that:

- a) In the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- b) the Directors had selected such accounting policies and applied them consistently and made judgements 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 loss of the Company for that period.
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the Directors had prepared the annual accounts on a going concern basis.

22. PARTICULARS OF EMPLOYEES

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure-II to this Report.

23. ACKNOWLEDGEMENTS

Your Directors avail of this opportunity to express and place on record their heartfelt gratitude to all shareholders, debenture holders, employees, customers, principals, collaborators, agents, bankers, financial institutions, suppliers and distributors for their support to your Company.

For and on behalf of the
Board of Directors

MUMBAI
29th June, 2001

PRATAP BHOGILAL
CHAIRMAN



ANNEXURE TO DIRECTORS REPORT

ANNEXURE - 1

FORM - B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

A. RESEARCH & DEVELOPMENT (R&D)

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

- A. Development of new Turning M/Cs called Sprint 16TC and 16 C were developed and exhibited at IMTEX 2001.
- B. A new Machining Centre Chetak 55 MC 2 S' Twin Spindle, Twin ATC was developed and exhibited at IMTEX 2001.
- C. High Speed Spindles (8000 RPM) for all VMC's were developed.
- D. Development of High efficiency Axial Flow Fans, Fibre Compactors, Material Transport Fans and Custom Pack Humidification Equipment.
- E. Development of High efficiency Package type Air- conditioners.
- F. Improvement of existing product range and its related areas.
- G. Substantial changes were made in design, assembly and process to eliminate the customer complaints. These were based on field complaints.

II. Benefits derived as a result of above R & D

- A. Improved market share.
- B. Offering indigenous products against imported.
- C. Product improvement in service and quality.
- D. Cost Reduction & better utilisation of resources.

III. Future Plan of Action

- A) A low cost Drill Tap Centre will be introduced in 2001-2002.
- B) Special Thrust is given to make our General Purpose Machines Export worthy.
- C) Interaction with Research Institutes for analysis of our Machine Structures so as to improve reliability of our machines.
- D) Upgradation of products to reduce costs and improve quality.

IV. Expenditure on R & D

- | | |
|-------------------------------------------------------------|----------------|
| A. Capital | Rs. 36.60 lacs |
| B. Recurring | Rs. 22.25 lacs |
| C. Total | Rs. 58.85 lacs |
| D. Total R & D expenditure as percentage of total turnover. | 0.52% |

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

I. Efforts in brief, made towards absorption, adaptation & innovation

- A. Participation in conference, exhibition in IMTEX 2001, IMTMS (Chicago) and ITMA.
- B. Import Substitution for imported items like Limit Switches, Proximity Switches.
- C. Upgrading technology by learning from collaborated products.

II. Benefit derived as a result of above efforts:

- A. Upgradation & improvement of technology of existing products
- B. Improvement in performance, quality and aesthetics
- C. Saving in Costs.

III. Information regarding imported technology during the last 5 years.

Technology imported	Year of Import	Status
1) Cincinnati Milacron, USA for Vertical Milling Centres	1996	duly absorbed and under regular production
2) Mazzini ICI, Italy for Textile Air Engineering products	1996-2000 2001	duly absorbed and under regular production under absorption

Batliboi Ltd.

ANNEXURE - II

ANNEXURE TO DIRECTORS' REPORT

Statement showing the particulars of the company as required under Section 217 (2A) of the companies Act, 1956, read with the Companies (particulars of Employees) Rules, 1975 and forming part of the directors' report for the 18 months period ended 31st March, 2001.

Name of the Employee/ Age (Yrs)	Experience (Yrs.) Qualification	Designation/ Nature of Duties	Date of Joining	Remuneration (RS.)	Particulars of last Employment held, Organisation, Designation and period of employment (Yrs.)
(A) Employed for the whole year					
George Vergnese (52)	B.Sc. Engineering (31)	Executive Director & Chief Executive Officer (BTEG)	31/07/1974	1827882	ERECTION ENGINEER VOLTAS LTD (2)
Malik Jagdish Pal (59)	B.E. (Mechanical) (38)	Executive Director & Chief Executive Officer	26/05/1998	1973396	DIRECTOR (MT) HMT BANGALORE (35)

(B) Employed for the part of the year

NONE

Notes :

1. Remuneration received as shown above includes Salary, allowance, leave salary, company's contribution to provident Fund, Superannuation fund paid and perquisites in kind valued as per Income-Tax Rules 1962.
2. Designation represent nature of duties of the employees.





CORPORATE GOVERNANCE REPORT

The Code of Corporate Governance prescribed by SEBI is required to be implemented by your Company in terms of Listing Agreements with Stock Exchanges by 31st March, 2002. Your Company has already taken most of the initiatives in compliance with the clause 49 of the Listing Agreements. A detailed Report is set out below:

MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

2. BOARD OF DIRECTORS:

COMPOSITION AND CATEGORY

- 2 - Promoter, Executive Directors
- 2 - Non Promoter, Executive Directors
- 4 - Non Promoter, Non Executive Directors
- 1 - Non Promoter, Non Independent Director
- 1 - Independent, Non- Executive nominee Director representing Unit Trust of India

The composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which he is a member / Chairperson are as under:

Name of Director	Category	No. of other Directorship	other Director-membership of Board Committees	No. of Board Committee for which Chairperson
Mr. Pratap Bhogilal	Promoter, Executive	6	3	2
Mr. Nirmal Bhogilal	Promoter, Executive	8	None	None
Dr. K. K. Anand	Independent, Non- Executive	6	6	4
Dr. S. M. Patil	Independent, Non- Executive	5	1	None
Mr. S. D. S Mongia	Independent, Non - Executive	1	2	None
Mr. V. R. Kirloskar	Independent, Non- Executive	8	None	None
Mr. J. P. Malik	Non Promoter, Executive Director	None	None	None
Mr. C. Balaraman	Non Independent - Executive	1	1	None
Mr. George Verghese	Non Promoter, Executive Director	1	None	None
Mr. A. N. Sharma	Nominee Director	None	None	None

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING.

During the 18 months period ended March 31, 2001 ten Board Meetings were held on October 28th 1999, December 20th, 1999, February 1st 2000, April 27th 2000, June 2nd 2000, July 21st 2000, November 30th 2000, January 31st 2001, February 27th 2001 and March 29th 2001.

Name of Director	No. of Board Meetings attended	Attendance at the last AGM held on 15 th February 2000
Mr. Pratap Bhogilal	9	Present
Mr. Nirmal Bhogilal	10	Present
Dr. K. K. Anand	10	Present
Dr. S. M. Patil	6	Absent
Mr. S. D. S Mongia	9	Absent
Mr. V. R. Kirloskar	None	Absent
Mr. J. P. Malik **	8	Present
Mr. C. Balaraman **	7	Present
Mr. George Verghese **	5	Absent
Mr. A. N. Sharma *	Not Applicable	Not Applicable

* Appointed to the Board w.e.f 14th June 2001 ** Appointed to the Board w.e.f. 20th December 1999

Batliboi Ltd.**3. AUDIT COMMITTEE:****BROAD TERMS OF REFERENCE**

The terms of reference of the Audit Committee include:

- I To review the Company's financial reporting process and its financial statements.
- I To review the accounting and financial policies and practices.
- I To recommend the appointment and removal of external auditor, fixation of audit fee.
- I To review the efficacy of the internal control mechanism and monitor risk management policies adopted by the Company and ensure compliance with regulatory guidelines.
- I To review reports furnished by the internal and statutory auditors, and ensure that suitable follow-up action is taken.
- I To examine accountancy, taxation and disclosure aspects of all significant transactions.
- I To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, share-holders and creditors.

COMPOSITION

The Audit Committee of the Company comprises of three Directors of which two are Independent Non- Executive Directors and one Promoter Executive Chairman.

The constitution of the Audit Committee is as follows:

1. Mr. Pratap Bhogilal : Chairman, Promoter, Executive Director
2. Dr. K. K. Anand : Independent Non - Executive Director
3. Mr. S D S Mongia : Independent Non - Executive Director

Meeting and Attendance :

During the period ended 31st March 2001, three Audit Committee Meetings were held on 21st July, 2000, 30th November 2000 and 31st January 2001.

<u>Name of Director</u>	<u>No. of Meetings attended</u>
Mr. Pratap Bhogilal :	2
Dr. K. K. Anand :	3
Mr. S D S Mongia :	3

4. REMUNNERATION COMMITTEE**BRIEF DESCRIPTION OF TERMS OF REFERENCE**

- To review, assess and recommend the appointment of wholtime directors.
- To periodically review the remuneration package of wholtime directors and next level (in most cases either VPs or GMs) and recommend suitable revision to the Board.

COMPOSITION

The Remuneration Committee comprises two Directors, both are Independent, Non - Executive Directors . The Chairman of the Committee is an Independent, Non - Executive Director nominated by the Board.

The Constitution of the Remuneration Committee is as follows:

1. Dr. K. K. Anand - Independent Non- Executive Director (Chairman)
2. Mr. S D S Mongia - Independent Non- Executive Director

MEETINGS AND ATTENDANCE

The Committee met on 21st July 2000 during the financial year ended March 31, 2001. All the members of the Committee attended the said Meeting.