

BATLIBOI LTD.



61st
Annual Report
2004-2005

Batliboi Ltd.**BOARD OF DIRECTORS**

Mr. Pratap Bhogilal - Executive Chairman

Mr. Nirmal Bhogilal - Vice Chairman & Managing Director

Dr. K. K. Anand

Mr. Vijay R. Kirloskar

Mr. Subodh Bhargava

Mr. E. A. Kshirsagar

Mr. S. D. S. Mongia

Mr. Ameet Hariani

Mr. A. N. Sharma - Nominee of UTI (Upto 03.09.2004)

Mr. S. Ravi - Nominee of UTI (from 03.09.2004)

Mr. G. Verghese - Executive Director

Mr. K. L. Swami - Executive Director

CORPORATE MANAGEMENT

Mr. Pratap Bhogilal

Executive Chairman

Mr. Nirmal Bhogilal

Vice Chairman & Managing Director

Mr. George Verghese

C. E. O.

Textile Engineering Group &
Air Conditioning and Refrigeration Group

Mr. Vivek Sharma

C. E. O.

Machine Tool Group

Mr. V. Sridhar

C. O. O.

Environmental Engineering Group

Mr. K. L. Swami

Group C. F. O.

Mr. B. B. Vanwari

Vice President (Legal) & Company Secretary

Mr. C. K. Singh

Vice President - HRD/OD

REGISTERED & CORPORATE OFFICEBharat House, 5th Floor, 104, Mumbai Samachar Marg,
Fort, Mumbai - 400 001. INDIA.**FACTORY**

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

AUDITORSM/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
Punjab National Bank

**NOTICE****61st ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Sixty – First Annual General Meeting of BATLIBOI LTD., will be held on **Wednesday the 27th day of July, 2005 at 3.30 p.m.** at Walchand Hirachand Hall, 4th Floor, Indian Merchants Chambers, Churchgate, Mumbai 400 001 to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2005, the Balance Sheet as at that date and the Report of the Auditors and Directors' thereon.
2. To appoint a Director in place of Dr. K. K. Anand, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Vijay R. Kirloskar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Ameet Hariani, who retires by rotation and being eligible, offers himself for reappointment.

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, on a remuneration as may be mutually agreed between the said Auditors and the Board of Directors.

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

SPECIAL BUSINESS :

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

"RESOLVED THAT in accordance with the provisions of Section 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, and subject to such sanctions of the Central Government as may be necessary, the Company hereby accords its approval to the increase in remuneration of Mr. George Verghese – Executive Director & CEO (BTEG) & (BACRG) with effect from 1st April 2003 as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations, if any, made by the Central Government in the terms and conditions of the remuneration payable to Mr. George Verghese."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, and subject to such sanctions of the Central Government as may be necessary, the Company hereby accords its approval to the increase in remuneration of Mr. K. L. Swami – Executive Director & Group CFO with effect from 1st April 2003 as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations, if any, made by the Central Government in the terms and conditions of the remuneration payable to Mr. K. L. Swami."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 309, 310, 311, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, and subject to such sanctions of the Central Government as may be necessary, the Company hereby accords its approval to Mr. Pratap Bhogilal – Executive Chairman to be reimbursed an Additional Medical Allowance of Rs.10 lacs for his Medical Expenses during the financial year 2004-2005.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations if any made by the Central Government in the terms and conditions with regard to the remuneration payable to Mr. Pratap Bhogilal."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 309, 310, 311, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, and subject to such sanctions of the Central Government as may be necessary, the Company hereby accords its approval to the increase in remuneration of Mr. Nirmal Bhogilal – Vice Chairman & Managing Director with effect from 1st April 2004 as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations if any made by the Central Government in the terms and conditions with regard to the remuneration payable to Mr. Nirmal Bhogilal."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 309, 310, 311 read with Schedule XIII and

Batliboi Ltd.

other applicable provisions, if any, of the Companies Act 1956, and subject to such sanctions of the Central Government as may be necessary, the Company hereby accords its approval to the increase in remuneration of Mr. George Verghese – Executive Director & CEO (BTEG) & (BACRG) with effect from 1st April 2004 as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations if any made by the Central Government in the terms and conditions with regard to the remuneration payable to Mr. George Verghese."

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

"RESOLVED THAT in accordance with the provisions of Section 269 read with Schedule XIII, and other applicable provisions, if any, of the Companies Act 1956, and subject to such sanctions of the Central Government as may be necessary, the Company hereby accords its approval to the re-appointment of Mr. George Verghese as Executive Director of the Company for a period of 3 years with effect from 20.12.2004 upon the terms and conditions as detailed in the Draft Agreement.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations if any made by the Central Government in the terms and conditions with regard to the re-appointment of Mr. George Verghese."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, and subject to such sanctions of the Central Government as may be necessary, the Company hereby accords its approval to the increase in remuneration of Mr. K. L. Swami – Executive Director & Group CFO with effect from 1st April 2004 as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations if any made by the Central Government in the terms and conditions with regard to the remuneration payable to Mr. K. L. Swami."

By Order of the Board of Directors

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

Mumbai
26th April 2005

Registered Office :

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

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. 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.
3. The Register of Members and the Transfer Books of the Company are closed from **21st day of July, 2005 to 26th day of July, 2005** both days inclusive.
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.
5. **Reappointment of Directors :**

At the ensuing Annual General Meeting, Dr. K. K. Anand, Mr. Vijay R. Kirloskar and Mr. Ameet Hariani retire by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of the aforesaid three Directors are given below :

Profile of Directors retiring by rotation :

- a) Dr. K. K. Anand, aged 78, joined the Board of Directors of the Company on 31st July, 1984 as Non-Executive Director and possesses, wide and varied experience in the field of HR and Corporate Management.

The Other Directorships of Dr. K. K. Anand :

1. Hexaware Technologies Ltd.
2. Anand Health Equipment Pvt. Ltd.
3. Anand Consultancy Services Pvt. Ltd.
4. Cedar Enterprise Solutions Pvt. Ltd.

Dr. K. K. Anand is a member of Investor Grievance Committee, Audit Committee and Compensation Committee of Hexaware Technologies Ltd.

- b) Mr. Vijay Kirloskar, aged 54, joined the Board of Directors of the Company on 18th December, 1985 as Non-Executive Director. Mr. Kirloskar, an industrialist possesses, wide and varied experience in the field of Engineering and General Management.

The Other Directorships of Mr. Vijay R. Kirloskar:

1. Kirloskar Electric Company Ltd.
2. Kirloskar Computer Services Ltd.
3. Kirloskar Power Equipment Ltd.
4. KCS Trading Co. Ltd.
5. BEST Trading & Agencies Ltd.
6. Kaytee Switchgear Limited
7. MRF Ltd.
8. Kirloskar Power Build Gears Ltd.



9. Kirloskar Batteries Pvt. Ltd.
10. Keasirobican Industrial Systems Pvt. Ltd.
11. KEC North America Inc. USA
12. Kirloskar (Malaysia) Sdn. Bhd.
13. Kirloskar Trading Pte Ltd.
14. Kirloskar Software Services, USA

Mr. Kirloskar is a member of Shareholders Investor Grievance Committee of Kirloskar Electric Company Ltd. & Audit Committee of Kaytee Switchgear Ltd and Chairman of Remuneration Committee of Kaytee Switchgear Ltd.

- c) Mr. Ameet Hariani, aged 44, joined the Board as Non-Executive Director on 17th October, 2003. He has wide and varied experience in Real Estate, Intellectual Property, Corporate & Commercial Shipping laws and has represented large organizations in International Arbitration & Disputes.

The other Directorships of Mr. Hariani are :

1. Brady & Morris Engg. Co. Ltd.,
2. Brady Futures Pvt. Ltd.
3. Ras Resorts & Apart Hotels Ltd.

Mr. Hariani is a member of Audit Committee of Ras Resorts & Apart Hotels Ltd.

6. Profile of Nominee Director of UTI :

Mr. S. Ravi, aged 44, is a M. Com, F. C. A., is partner of M/s. Ravi Rajan & Co., Chartered Accountants and possesses a wide and varied experience in Banking and Finance Sector. He has been on the Boards of Banks, Financial Institutions, Asset Management Companies, Companies involved in Merchant Banking and Companies operating as a primary dealer.

The other Directorships of Mr. S. Ravi are

1. IFCI Limited
2. Corporation Bank (Shareholders Director)
3. Canbank Investment Management Services Ltd.
4. IDBI Capital Markets Services Limited
5. Garware Chemicals Limited (IDBI Nominee Director)
6. Mahindra Ugine Steel Co. Limited. (UTI Nominee Director)
7. Uniflex Cables Limited
8. Principal Trustee Company Pvt. Ltd.
9. PNB Mutual Fund (Board of Trustees)

Mr. Ravi is Member of Audit Committee, Remuneration Committee & Investor Grievance Committee of IFCI Ltd., Audit Committee of Garware Chemicals Ltd., Audit Committee of Corporation Bank and Chairman of Audit Committee of Canbank Investment Management Service Ltd., Remuneration Committee & Audit Committee of Mahindra Ugine Steel Ltd.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 AND INFORMATION AS REQUIRED UNDER CLAUSE 49(VI) (A) OF THE LISTING AGREEMENT.

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice dated 26th April, 2005.

Item No. 6

The Members of the Company at the Annual General Meeting of the Company held on 15th February, 2000, had approved the appointment and remuneration payable to Mr. George Verghese.

In recognition of contribution of Mr. George Verghese, the Board of Directors at its Meeting held on 17th October, 2003 increased the remuneration of Mr. George Verghese w.e.f. 01.04.2003 enhancing his total remuneration from Rs. 17,86,600 p.a. to Rs. 21,15,943 p.a. as under :

Salary Rs. 92,000 p.m., S.C.A. Rs. 390 p.m., Educational Allowance Rs. 2,400 p. a., L.T.A. Rs. 32,000 p.a., Medical Rs. 15,000 p.a., Periodicals Rs. 12,000 p.a., Gas / Electricity Rs. 1,000 p.m., Hard Furnishing Rs. 54,000 /5 yrs., Home Entertainment Rs. 2,000 p.m., Business Expenses/Uniform Allowance Rs. 18,000 p.a., One Time Performance Reward. Rs. 3,00,000.

Besides the above remunerations, he shall be entitled to the following perquisites :

- a) Provision of Car with Driver as per the Car Scheme of the Company.
- b) Provision of Telephone Facility at residence.
- c) Company's Contribution to Provident Fund @ 12% of salary
- d) Company's Contribution to Superannuation Fund or Annuity Fund @ 13% of salary
- e) Gratuity as per Rules of the Company
- f) Encashment of Privilege Leave as per the Rules of the Company

The Remuneration Committee recommended the same at its meeting held on 27th August, 2003 and approved by the Board of Directors at their Meeting held on 17th October, 2003. The Central Government vide its Letter No. 2/8-9/04-CL.VII dated 30.09.2004 has also approved the above remuneration subject to the approval of shareholders by way of Special Resolution. The other terms and conditions of the appointment of Mr. George Verghese as approved by the shareholders at the Annual General Meeting of the Company held on 15th February, 2000 will remain unchanged.

Your Directors recommend the resolution for the approval of the members.

The terms and conditions of Mr. George Verghese's appointment set out and amended as above, may be treated

Batliboi Ltd.

as an abstract under Section 302 of the Companies, Act, 1956.

None of the Directors, except Mr. George Verghese, is concerned or interested in the resolution.

Item No. 7

The Members of the Company at the Annual General Meeting of the Company held on 29th July, 2003, had approved the appointment and remuneration payable to Mr. K. L. Swami

In recognition of contribution of Mr. K. L. Swami, the Board of Directors at its Meeting held on 17th October, 2003 increased the remuneration of Mr. K. L. Swami w.e.f. 01.04.2003 enhancing his total remuneration from Rs. 15,65,448 p.a. to Rs. 17,14,990 p.a. as under :

Salary Rs.67,000 p.m., S.C.A. Rs.13,000 p.m., Educational Allowance Rs. 2,400 p.a., L.T.A. Rs.26,000 p.a., Medical Rs.15,000 p.a., Periodicals Rs.12,000 p.a., Gas / Electricity Rs. 500 p.m., Hard Furnishing Rs. 54,000 / 5 yrs., Home Entertainment Rs. 1,000 p.m., Business Expenses / Uniform Allowance Rs.18,000 p.a. One Time Performance Reward Rs. 12,500, Guaranteed yearly remuneration Rs. 37,500.

Besides the above remunerations, he shall be entitled to the following perquisites :

- Provision of Car with Driver as per the Car Scheme of the Company.
- Provision of Telephone Facility at residence.
- Company's Contribution to Provident Fund @ 12% of salary
- Company's Contribution to Superannuation Fund or Annuity Fund @ 13% of salary
- Gratuity as per Rules of the Company
- Encashment of Privilege Leave as per the Rules of the Company.

The Remuneration Committee recommended the same at its meeting held on 27th August, 2003 and approved by the Board of Directors at their Meeting held on 17th October, 2003. The Central Government vide its Letter No. 2/8-9/04-CL VII dated 30.09.2004 has also approved the above remuneration subject to the approval of shareholders by way of Special Resolution. The other terms and conditions of the appointment of Mr. K. L. Swami as approved by the shareholders at the Annual General Meeting of the Company held on 29th July, 2003 will remain unchanged.

Your Directors recommend the resolution for the approval of the members.

The terms and conditions of Mr. K. L. Swami's appointment set out and amended as above, may be treated as an abstract under Section 302 of the Companies, Act 1956.

None of the Directors, except Mr. K. L. Swami, is concerned or interested in the resolution.

Item No. 8

Mr. Pratap Bhogilal - Executive Chairman of the Company had to be hospitalized for serious illness; he has had also

undergone bypass surgery incurring huge medical expenses. Hence it was proposed by the Remuneration Committee at its Meeting held on 27th July, 2004 to reimburse the Additional Medical Expenses to the extent of Rs. 10 Lacs incurred by Mr. Pratap Bhogilal, which was approved by the Board of Directors subject to the approval of the Shareholders and the Central Government.

Remuneration payable to Mr. Pratap Bhogilal

	<u>Now Proposed</u>	<u>Previous Remuneration</u>
Salary (p.a.)	Rs. 7,20,000	Rs. 7,20,000
Perquisites (p.a.)	Rs. 9,00,000 + additional Medical Expenses Upto Rs. 10 Lacs	Rs. 9,00,000

The application for the approval of Central Government is under consideration.

Your Directors recommend the resolution for the approval of the members.

The terms and conditions of Mr. Pratap Bhogilal's appointment set out and amended as above, may be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Pratap Bhogilal and Mr. Nirmal Bhogilal, is concerned or interested in the resolution.

Item No. 9

The Members of the Company at the Annual General Meeting of the Company held on 29th July, 2003, had approved the re-appointment and remuneration payable to Mr. Nirmal Bhogilal.

In recognition of contribution of Mr. Nirmal Bhogilal, the Board of Directors at its Meeting held on 31st July, 2004 increased the remuneration subject to approval of shareholders and Central Govt., of Mr. Nirmal Bhogilal w.e.f. 01.04.2004 as under :

	<u>Now Proposed</u>	<u>Previous Remuneration</u>
Basic Salary (p.m.)	Rs. 1,50,000	Rs.1,25,000
Perquisites (p.m.)	Rs. 1,50,000	Rs. 95,000

The perquisites and allowances payable to the aforesaid Director shall include furnished accommodation or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses and/or allowance and/or allowances for utilization of gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for self and family including dependents, club fees, medical insurance and such other perquisites and/or allowances, upto the amounts specified above, subject to an overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However, the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the



extent these singly or together are not taxable under the Income Tax Act, and gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration which includes salary and perquisites.

The amounts under different heads of Perks would be interchangeable by mutual consent, provided the aggregate of all the Perks availed are within the overall entitlement limits mentioned above.

Besides the above remunerations, he shall be entitled to the following perquisites :

- a) Contribution to Provident Fund
- b) Superannuation Fund or Annuity Fund.
- c) Gratuity
- d) Encashment of leave at the end of tenure.

The application for the approval of Central Government is under consideration. Your Directors recommend the resolution for the approval of the members.

The terms and conditions of Mr. Nirmal Bhogilal's appointment set out and amended as above, may be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Nirmal Bhogilal and Mr. Pratap Bhogilal, are concerned or interested in the resolution.

Item No. 10

The Board of Directors at its Meeting held on 31st July, 2004 further increased the remuneration of Mr. George Verghese w.e.f. 01.04.2004, being the annual increment enhancing his total remuneration from Rs. 21,15,943 p.a. to Rs. 24,93,180 p.a. as under :

Salary Rs. 1,01,000 p.m., In the scale of Rs. 1,01,000 Rs. 2,00,000, S.C.A. Rs. 390 p.m., H.R.A. Rs.17500 p.m., Gas / Electricity Rs. 1000 p.m., Educational Allowance Rs. 2,400 p.a., Home Entertainment Rs. 3,000 p.m., L.T.A. Rs. 54,000 p.a., Medical Rs. 15,000 p.a., Hard Furnishing Rs. 1,50,000 5 yrs., Business Expenses / Uniform Allowance Rs. 20,000 p.a., One Time Performance Reward Rs. 4,70,000.

Besides the above remunerations, he shall be entitled to the following perquisites :

- a) Provision of Car with Driver as per the Car Scheme of the Company.
- b) Provision of Telephone Facility at residence.
- c) Company's Contribution to Provident Fund @ 12% of salary.
- d) Company's Contribution to Superannuation Fund or Annuity Fund @ 13% of salary.
- e) Gratuity as per Rules of the Company.
- f) Encashment of Leave as per the Rules of the Company.

The Remuneration Committee recommended the same at its meeting held on 27th July, 2004 and approved by the Board

of Directors at their Meeting held on 31st July, 2004. The other terms and conditions of the appointment of Mr. George Verghese will remain unchanged.

The Application made to Central Govt. for its approval is under consideration.

Your Directors recommend the resolution for the approval of the members.

The terms and conditions of Mr. George Verghese's appointment set out and amended as above, may be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. George Verghese, is concerned or interested in the resolution.

Item No. 11

The present term of Office of Mr. George Verghese as Executive Director expired on 19.12.2004. Subject to the Share-holders Approval and subject to the Central Government's Approval the Board of Directors at their Meeting held on 15th October, 2004 have reappointed the aforesaid Director for a further period of 3 years with effect from 20.12.2004. The Board of Directors have unanimously proposed to reappoint Mr. George Verghese with effect from 20.12.2004 for a term of 3 years.

The Draft Agreement between the Company and Mr. George Verghese (the appointee) contains the following principal terms and conditions :

Period of Appointment: 3 years with effect from 20.12.2004

Remuneration :

- a. Salary : Rs. 1,01,000 p.m.

In the scale of Rs. 1,01,000 to Rs. 2,00,000 per month with authority to the Board of Directors to determine his salary within the above limit from time to time. The annual increments will be merit based and shall take into account the Company's performance.

- b. Perquisites & Allowances

S.C.A. Rs. 390 p.m., H.R.A Rs.17,500 p.m., Gas / Electricity Rs. 1,000 p.m., Educational Allowance Rs. 2,400 p.a., Home Entertainment Rs. 3,000 p.m., L.T.A. Rs. 54,000 p.a., Medical Rs. 15,000 p.a., Hard Furnishing Rs. 1,50,000/5 yrs., Business Expenses / Uniform Allowance Rs. 20,000 p.a., One Time Performance Reward. Rs. 4,70,000.

- i) Company's contribution towards Provident Fund as per the Rules of the Company but not exceeding 12% of the Salary.
- ii) Company's contribution towards Superannuation Fund as per the Rules of the Company but it shall not, together with Company's contribution to Provident Fund, exceed 25% of the Salary.
- iii) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income-Tax Act.

Batlilboi Ltd.

- iv) Gratuity as per the Rules of the Company.
- v) Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
- vi) The amounts under different heads of Perks would be interchangeable by mutual consent, provided the aggregate of all the Perks availed are within the overall entitlement limits mentioned above.
- vii) The amount of remunerations / perks short paid / availed in a year can be carried forward and availed in subsequent year(s) during the term of appointment.

c. Minimum Remuneration :

Notwithstanding anything to the contrary herein contained, where, in any financial year, during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary, perquisites and allowances as specified above subject to the approval of the Central Government, if required.

d. The Whole-time Director shall :

exercise such powers and authorities and carry out such duties and responsibilities from time to time as may be entrusted to him by the Board and subject to supervision, control and directions of the Board.

promote the interest and welfare of the Company to the best of their ability and confirm and comply with the practices and requirements of the Company and also all such orders and directions as may be given by the Board from time to time.

not become interested or otherwise concerned, directly or indirectly through his wife and minor children, in any selling agency of the Company without prior approval of the Central Government so long as he functions as Whole-time Director.

This Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.

If at any time the Whole-time Director ceases to be a Director of the Company for any reason whatsoever, he shall also cease to be Whole-time Director of the Company.

The Draft Agreement to be entered into between the Company and Mr. George Verghese Executive Director is available for inspection by the Members of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days (excluding Saturdays) of the Company.

The Application made to Central Govt. for its approval is under consideration. Yours Directors recommend the resolution for the approval of the members.

No other Director, except Mr. George Verghese, is concerned or interested in the said Resolution.

The above statement may be regarded as an abstract of the terms of appointment and memorandum of interest pursuant to section 302 of the Companies Act, 1956.

Item No. 12

The Board of Directors at its Meeting held on 31st July, 2004 further increased the remuneration of Mr. K. L. Swami w.e.f. 01.04.2004, being the annual increment enhancing his total remuneration from Rs. 17,14,990 p.a. to Rs.18,54,500 p.a. as under :

Salary Rs. 73,000 p.m., S.C.A. Rs. 13,000 p.m., H.R.A. Rs. 25,000 p.m., Gas / Electricity Rs. 1,000 p.m., Educational Allowance Rs. 2,400 p.a., Home Entertainment Rs. 2,000 p.m., L.T.A. Rs. 54,000 p.a., Medical Rs.15,000 p.a., Hard Furnishing Rs.1,50,000 5 yrs., Outfit Allowance Rs. 20,000 p.a., Guaranteed contractual payment Rs. 37,500, One Time Performance Reward Rs.12,500.

Besides the above remunerations, he shall be entitled to the following perquisites:

- a) Provision of Car with Driver as per the Car Scheme of the Company.
- b) Provision of Telephone Facility at residence.
- c) Company's Contribution to Provident Fund @ 12% of salary.
- d) Company's Contribution to Superannuation Fund or Annuity Fund @ 13% of salary.
- e) Gratuity as per Rules of the Company.
- f) Encashment of Leave as per the Rules of the Company.

The Remuneration Committee recommended the same at its meeting held on 27th July, 2004 and approved by the Board of Directors at their Meeting held on 31st July, 2004. The other terms and conditions of the appointment of Mr. K. L. Swami will remain unchanged.

The Application made to Central Govt. for its approval is under consideration.

Your Directors recommends the resolution for the approval of the members.

The terms and conditions of Mr. K. L. Swami's appointment set out and amended as above, may be treated as an abstract under Section 302 of the Companies, Act, 1956.

None of the Directors, except Mr. K. L. Swami, is concerned or interested in the resolution.

By Order of the Board of Directors

Mumbai
26th April, 2005

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

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



INFORMATION AS REQUIRED UNDER SCHEDULE XIII OF THE COMPANIES ACT, 1956 AND CLAUSE 49 (VI) (A) OF THE LISTING AGREEMENT RELATING TO REMUNERATION PAYABLE TO MR. PRATAP BHOGILAL, MR. NIRMAL BHOGILAL, MR. GEORGE VERGHESE & MR. K. L. SWAMI AND RE-APPOINTMENT OF MR. GEORGE VERGHESE

I. General Information :

(1) Nature of Industry	:	1. Manufacturing of Machine Tools, Textile Machinery, Air Conditioning & Humidification Plants & Equipments; 2. Marketing of various kinds of Machine tools, Industrial Machinery & Equipment, Agricultural Equipment, Electrical Appliances; 3. Contracting in the field of Air Conditioning, Air Pollution Control, Water Supply Scheme, Sewage Pumping Station; 4. Project Engineering
(2) Date or expected date of commencement of commercial production	:	N. A. As the Company was initially incorporated as Private Company on 6th December, 1941 and the commercial production is being carried on for more than 60 years.
(3) In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	:	N. A.
(4) Financial performance based on given indicators	:	The total turnover (including indirect sales) of your Company grew by 37% to Rs. 20947 Lacs as against Rs. 15299 Lacs for the previous year. The Total Income of the Company grew by 6 % at Rs. 8435 Lacs as against Rs. 7948 Lacs in the previous year. The profit after tax of the company has risen by more than 300% at Rs. 730 Lacs from Rs. 152 Lacs during the previous year.
(5) Export performance and net foreign exchange collaborations.	:	The thrust on exports of the Company continues with special emphasis on Machine Tools and Textile Air Engineering Equipment. Machine Tools exports for the year was Rs. 112.40 Lacs and Textile Air Engineering Equipment was Rs. 144.35 Lacs.
(6) Foreign investments or collaborators, if any	:	Technical Collaboration with Sachman, Italy for CNC Milling Machine and Mazzini ICI, Italy for Textile Air Engineering Products.

II. Information about the appointee :

(1) Background details				
(a) Name	Mr. Pratap Bhogilal	Mr. Nirmal Bhogilal	Mr. George Verghese	Mr. K. L. Swami
(b) Age	87 Years	55 Years	55 Years	46 Years
(2) Past remuneration	Salary - Rs. 60,000/- p.m. + Perquisites- Rs. 75,000/- p.m.	Salary : Rs. 1,25,000/- p.m. (Rs. 1,25,000 - Rs. 25,000 - Rs. 2,00,000) + Perquisites - 75% of Salary (Minimum Rs. 95,000/-p.m.)	Salary Rs. 92,000/- p.m. + Perquisites Rs. 56,822/- p.m.	Salary Rs. 67,000/- p.m. + Perquisites Rs. 55,944/- p.m.
(3) Recognition or awards	M. A. in Economics and Textile Technologist from VJTI	B. Sc. (Engg), Chemical Engg (London University), A.C.G.I.	B. E. (Tech)	B. Com, LL.B. PGDBM, AICWA, ACS, CAIIB.
(4) Job profile and his suitability	Overseeing the corporate policies & their implementations. He is an industrialist having vast and varied experiences of more than 6 decades in Textile and Engineering Industry	Overall incharge of day to day management of the Company. He is having practical experience of 30 years in Machine Building & Engineering Industry.	Entrusted with day to day activities relating to the Textile Engineering Business Group and Air Conditioning & Refrigeration Group.	Entrusted with day to day finance / accounts management of the Company.
(5) Remuneration proposed	Salary - Rs. 60,000/- p.m. Perquisites- Rs. 75,000/- p.m. and additional Medical Expense upto Rs. 10 Lacs for the year 2004-05	Salary : Rs. 1,50,000/- p.m. + Perquisites - Rs. 1,50,000/-p.m.	Salary Rs. 1,01,000/- p.m. + Perquisites Rs. 76,659/- p.m.	Salary Rs. 73,000/- p.m. + Perquisites Rs. 59,782/- p.m.

Batliboi Ltd.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin).	:	In the recent survey conducted by OMAM, the salary of SM - I level i.e., with BU responsibility has been mentioned as Rs. 33.79 lacs per annum. As per wage trend prevalent in the industry the difference between No.1 and No.2 now varies more than 40% to 100%. Secondly there has been about 13% increase during 2004-2005 in wages and salaries in the engineering industry. Therefore the revision has been proposed.
(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	:	Mr. Pratap Bhogilal – Executive Chairman & Mr. Nirmal Bhogilal – Vice Chairman & Managing Director are related to each other and may be regarded as concerned or interested in their own appointment as well as each others appointment.

III. Other Information :

(1) Reason of loss or inadequate profits	:	The economic downturn and acute recession in the Capital goods and engineering industry during the last several years upto 2002-03 affected the company's profits. However the revival in the industry during 2002-03 coupled with several remedial measures taken by the Company has turned – around the company's operations.
(2) Steps taken or proposed to be taken for improvement	:	<p>The Company has reorganized and also closed down the un-remunerative divisions / businesses. It is now concentrating on its core competence in the following areas :</p> <ol style="list-style-type: none"> 1. Machine Tool Manufacturing & Machine Tool Agencies. 2. Textile Machinery Agencies and Textile Air Engineering 3. Central Air Conditioning. <p>Apart from the above the Company has embarked on a massive Cost cutting exercise besides renewing the export thrust. The rightsizing of the manpower also has been effected. The Company has also completed large scale financial restructuring with Financial Institutions and banks and has drastically reduced its debts and interest burden.</p>
(3) Expected increase in productivity and profits in measurable terms.	:	With the revival of the Capital Goods industry during 2002-03 the Company's operations have also improved substantially. The Company made a profit after tax of Rs. 86.88 lacs in 2002-03 which was increased to Rs. 151.70 lacs in 2003-04. The profit for the year under review (2004-05) has jumped to Rs. 730.23 lacs. The Company expects to consolidate its position further in the coming years.

The Other Directorships of Mr. Pratap Bhogilal: Automotive Axles Ltd., Bharat Forge Ltd., Satsang Investment & Trading Co. Pvt. Ltd., Naikanj Investment & Trading Co. Pvt. Ltd., Pramaya Shares & Securities Pvt. Ltd., Nirbhag Investments Pvt. Ltd.

He is Chairman of Audit Committee of Automotive Axles Ltd.

The Other Directorships of Mr. Nirmal Bhogilal: Batliboi International Ltd., Batliboi Environmental Engg. Ltd., Chowgle Industries Ltd., Hindustan Construction Co. Ltd., Batliboi enXco Pvt. Ltd., Satsang Investment & Trading Co. Pvt. Ltd., Naikanj Investment & Trading Co. Pvt. Ltd., Nirbhag Investments Pvt. Ltd., Hitco Investments Pvt. Ltd., Bhagmal Investments Pvt. Ltd., Pramaya Shares & Securities Pvt. Ltd.

He is member of the Remuneration Committee of Batliboi Environmental Engineering Ltd. & Hindustan Construction Co. Ltd. and Audit Committee of Batliboi Environmental Engineering Ltd.

The other Directorships of Mr. George Verghese : Batliboi International Ltd.

The Other Directorships of Mr. K L Swami : Batliboi International Ltd., Batliboi Environmental Engineering Ltd., Batliboi enXco Pvt. Ltd.