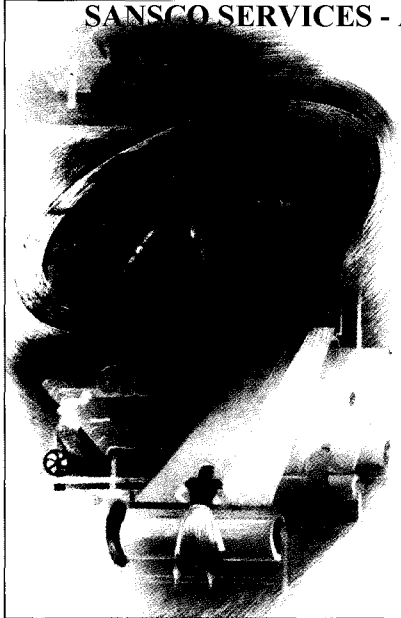




Batliboi Ltd

62nd
Annual Report
2005 - 06

Man, Machine and Money



TEXTILE ENGINEERING



MACHINE TOOLS



AIR CONDITIONING



ENVIRONMENTAL ENGG

Engineers make the world. And we are the engineers' engineers.
Today there is a new pride at Batliboi. A new commitment to quality.
A clear focus on our customers and on their needs.

Batliboi is a multi-business customer oriented engineering company having multilocal operations, manufacturing facilities at Udhna (Surat), Gujarat and a wide marketing network in India and abroad. The company provides a wide range of machine tools, textile air engineering systems, air conditioning projects and environmental engineering solutions.

Rs. in Lacs

Performance Highlights	2005 - 06	2004 - 05
Total Turnover (including Agency sales)	26348.08	20947.64
Gross Sales	10975.26	8839.19
Profit before tax	1274.15	631.33
Profit after tax	856.70	730.23

- Total turnover increased by 26 %
- Gross sales increased by 24 %
- Order booking increased by 30 %
- PBT up by 102 %
- PAT up by 17 % after providing for current and deferred tax.
- Addition to Fixed Assets during 2005-06 : Rs.972.32 Lacs, which includes an investments of Rs. 582.12 Lacs in Wind Energy Turbine, set up at Lamba, Gujarat for captive consumption in order to reduce energy costs.



Seen yesterday...
we know the tomorrow

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Batliboi Ltd.

Mr. Pratap Bhogilal - Chairman Emeritus

BOARD OF DIRECTORS

Mr. Nirmal Bhogilal - Chairman & Managing Director

Dr. K. K. Anand - (Resigned w.e.f. 27.04.2006)

Mr. Vijay R. Kirloskar

Mr. Subodh Bhargava

Mr. E. A. Kshirsagar

Mr. S. D. S. Mongia

Mr. Ameet Hariani

Mr. M. V. Subbiah - (Appointed w.e.f. 27.04.06)

Mr. S. Ravi - Nominee of UTI

Mr. G. Verghese - Executive Director

Mr. Krushan Lal Swami - Executive Director

CORPORATE MANAGEMENT

Mr. Nirmal Bhogilal Chairman & Managing Director

Mr. George Verghese C. E. O. Textile Engineering Group &
Air Conditioning and Refrigeration Group

Mr. V. Sridhar C. E. 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 OFFICE

Bharat House, 5th Floor, 104, Bombay Samachar Marg,
Fort, Mumbai - 400 001. 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
Punjab National Bank



NOTICE

62nd ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixty – Second Annual General Meeting of BATLIBOI LTD., will be held on **Wednesday the 19th day of July, 2006 at 2.30 P.M.** at Walchand Hirachand Hall, 4th Floor, Indian Merchants Chambers, Churchgate, Mumbai 400 020 to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2006, the Balance Sheet as at that date and the Report of the Auditors and Directors' thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. SDS Mongia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. E. A. Kshirsagar, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Subodh Bhargava, who retires by rotation and being eligible, offers himself for reappointment.
6. 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 are hereby authorized to appoint Auditors for Branches and Udhna Factory in consultation with the Company's Auditors on such terms and conditions including the remuneration as the Board of Directors may deem fit."

SPECIAL BUSINESS :

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, 269, 309, 310, 311, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to Mr. Pratap Bhogilal – Chairman Emeritus to be reimbursed an Additional Medical Allowance upto Rs. 10 Lacs for his Medical Expenses during the financial year 2005 – 2006 as per the terms and conditions as set out in the Draft Supplementary Agreement and as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things with regard to the remuneration payable to Mr. Pratap Bhogilal."

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, 269, 309, 310, 311, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the revision in remuneration of Mr. Nirmal Bhogilal – Chairman & Managing Director with effect from 1st April 2005 on the terms and conditions as set out in the Draft Supplementary Agreement and as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations in the said terms and conditions and to do all such acts, deeds and things as may be necessary with regard to the remuneration payable to Mr. Nirmal Bhogilal."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Nirmal Bhogilal as Chairman and Managing Director of the Company for a period of 5 years commencing from 1.04.2006 on the terms and conditions as set out in the Draft Agreement and as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations in the said terms and conditions and to do all such acts, deeds and things as may be necessary with regard to the re-appointment of Mr. Nirmal Bhogilal."

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

RESOLVED THAT in partial modification of the resolution for the re-appointment of Mr. Nirmal Bhogilal as Chairman and Managing Director of the Company and pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members of the Company be and is hereby accorded to the revision in remuneration of Mr. Nirmal Bhogilal with effect from 1.04.2006 on the terms and conditions as set out in the Draft Supplementary Agreement and as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations in the said terms and conditions and to do all such acts, deeds and things as may be necessary with regard to the remuneration payable to Mr. Nirmal Bhogilal."

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 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the revision in remuneration of Mr. George Verghese – Executive Director & CEO (BTEG) & (BACRG) with effect from 1st April 2005 on the terms and conditions as set out in the Draft Supplementary Agreement and as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations in the said terms and conditions and to do all such acts, deeds and things as may be necessary with regard to the remuneration payable to Mr. George Verghese."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the revision in remuneration of Mr. George Verghese – Executive Director & CEO (BTEG) & (BACRG) with effect from 1st April 2006 on the terms and conditions as set out in the Draft Supplementary Agreement and as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations in the said terms and conditions and to do all such acts, deeds and things as may be necessary with regard to the remuneration payable to Mr. George Verghese."

13. 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, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the revision in remuneration of Mr. Krushan Lal Swami – Executive Director & Group CFO with effect from 1st April 2005 on the terms and conditions as set out in the Draft Supplementary Agreement and as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations in the said terms and conditions and to do all such acts, deeds and things as may be necessary with regard to the remuneration payable to Mr. Krushan Lal Swami."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the revision in remuneration of Mr. Krushan Lal Swami – Executive Director & Group CFO with effect from 1st April 2006 on the terms and conditions as set out in the Draft Supplementary Agreement and as detailed in the Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make necessary alterations in the said terms and conditions and to do all such acts, deeds and things as may be necessary with regard to the remuneration payable to Mr. Krushan Lal Swami."

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

RESOLVED THAT in conformity with Article No 146 of the Articles of Association of the Company, Clause 49 of the Listing Agreement entered with the Stock Exchange, and Clause (b) of sub-section (4) of Section 309 of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members be and is hereby accorded to the payment to Directors of the Company not being Managing / Whole - time Director(s) (to be divided between the Directors not in the Whole -time

employment of the Company in such manner, as the Board of Directors may from time to time determine) commission @ not exceeding one percent of the Net profits of the Company in each Financial Year over a period of five years commencing from the Financial Year 2006 – 2007 extending upto and including the Financial Year 2010-2011.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the resolution".

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 will remain closed from **11th day of July, 2006 to 19th day of July, 2006** both days inclusive.
4. Payment of dividend as recommended by the Directors, if approved at the Meeting, will be made to those Members whose names appear on the Company's Register of Members on **10th July, 2006**. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares whose names appear in the list furnished by the Depositories for this purpose as at the close of the business hours on **10th July, 2006**. The dividend will be paid on and from **28th July, 2006**. Transfer Documents received on or after **11th July, 2006** will not be considered for the aforesaid purposes.
5. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.
6. The profile of the Directors seeking re-appointment is mentioned in the Corporate Governance Report.

By Order of the Board of Directors

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

Mumbai

19th June, 2006

Registered Office :

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

ANNEXURE TO NOTICE

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

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice dated 19th June, 2006.

Item No. 7.

Mr. Pratap Bhogilal – Chairman Emeritus was appointed vide Shareholders Resolution dated 29th July, 2003 for a term of 3 years from 1.06.2003 to 31.05.2006. The remuneration payable to him as recommended by Remuneration Committee on 30th May, 2003 and as confirmed by Board on the same day is as follows : Salary : Rs 7,20,000 p.a. & Perquisites : Rs 9,00,000 p.a. Mr. Pratap Bhogilal had to be hospitalized for bypass surgery incurring huge medical expenses. Hence it was proposed by the



Remuneration Committee at its Meeting held on 20th June, 2005 to reimburse an Additional Medical Expenses upto Rs. 10 Lacs incurred by him, which was approved by the Board of Directors subject to the approval of the Shareholders.

Remuneration payable to Mr. Pratap Bhogilal; now proposed : Salary Rs. 7,20,000 p.a., Perquisites Rs. 9,00,000 p.a. and Additional Medical Expenses upto Rs. 10 Lacs

Mr. Pratap Bhogilal has since retired w.e.f. 15.10.2005 and has drawn the remuneration on prorata basis i.e. upto the date of his retirement. He has, however, not drawn any amount against Additional Medical Expenses being proposed now.

Save and except as indicated hereinabove, other remuneration terms of Mr. Pratap Bhogilal remain the same.

However, the above remuneration are required to be approved by the Shareholders by way of Special Resolution in terms of Provisions of Schedule XIII of the Companies Act, 1956.

The terms and conditions of Mr. Pratap Bhogilal's remuneration 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 are, in any way, concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

Item No. 8, 9 & 10

The Members of the Company at the Annual General Meeting of the Company held on 27th July, 2005, had approved the remuneration payable to Mr. Nirmal Bhogilal.

In recognition of contribution of Mr. Nirmal Bhogilal, the Board of Directors at its Meeting held on 27th July, 2005 revised the remuneration payable to him w.e.f. 01.04.2005, subject to the approval of Shareholders and Central Government as under :

Remuneration	Existing Per month	Revised w.e.f. 1.04.2005 Per month
Basic Salary	Rs. 1,50,000/-	Rs. 1,75,000/-
Perquisites *	Rs. 1,50,000/-	Rs. 1,75,000/-
Total	Rs. 3,00,000/-	Rs. 3,50,000/-

The perquisites and allowances payable to him shall include furnished accommodation or House Rent Allowance in lieu thereof, House Maintenance Allowance together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, utility allowance, 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.

The approval of Central Government has since been received. The Central Government vide its Letter No 2/95/2005/CL- VII dt 24th November, 2005 has sanctioned the above revision in remuneration subject to the Shareholders Approval. Hence the Special Resolution

as per the provisions of Schedule XIII of the Companies Act, 1956 as provided under Item No 8 is proposed for the approval of members.

The present term of office of Mr. Nirmal Bhogilal as Chairman & Managing Director was due to expire on 31/5/2006. Subject to the Shareholders approval and subject to such sanctions and approvals as may be necessary, the Board of Directors at their Meeting held on 27th April, 2006 have re-appointed him for a further period of 5 years with effect from 1st April 2006 (his earlier Agreement having been determined by mutual consent on 31st March, 2006) on the terms and conditions as follows :

Salary : Rs 1,75,000/- p.m. (In the scale of Rs 1,75,000/- p.m. to Rs 4,00,000/- p.m.)

Perquisites: Rs 1,75,000 /- p.m. (In the scale of Rs 1,75,000/- p.m. to Rs 4,00,000/- p.m.)

Save and except as indicated hereinabove, other remuneration terms of Mr. Nirmal Bhogilal remain the same.

On the recommendation of the Remuneration Committee at its meeting held on 15th June, 2006 and as confirmed by the Board Resolution dated 19th June, 2006, subject to the approval of Shareholders, the remuneration payable to Mr. Nirmal Bhogilal was revised w.e.f. 01.04.2006, as follows :

Salary : Rs 2,15,000/- p.m. (In the scale of Rs 1,75,000/- p.m. to Rs 4,00,000/- p.m.)

Perquisites: Rs 2,15,000/- p.m. (In the scale of Rs 1,75,000/- p.m. to Rs 4,00,000/- p.m.)

Save and except as indicated hereinabove, other remuneration terms of Mr. Nirmal Bhogilal remain the same.

During the term of employment of Mr. Nirmal Bhogilal, as Chairman and Managing Director, in the event in any financial year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in the Schedule XIII of the Companies Act, 1956 or any re-enactment thereof.

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.

Mr. Nirmal Bhogilal may be regarded as concerned or interested in the Resolution as it pertains to his appointment and revision in remuneration.

No other Director is concerned or interested in the said Resolutions.

Your Directors recommend the above resolutions for your approval.

Item No. 11 & 12

The Remuneration Committee at its meeting held on 20th June, 2005 and the Board of Directors at its Meeting held on 27th July, 2005 revised the remuneration of Mr. George Verghese w.e.f. 01.04.2005, subject to the approval of Shareholders, from Rs. 24,93,180/- p.a. to Rs 30,56,280/- p.a., as under :

Salary Rs. 1,07,000/- p.m. and perquisites Rs 1,47,690/- p.m.

The perquisites and allowances payable to him shall include accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, House Maintenance Allowance together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, utility allowance, 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 as per the rules of the Company 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.

On the recommendation of the Remuneration Committee at its meeting held on 15th June, 2006 and as confirmed by the Board Resolution dated 19th June, 2006, the remuneration payable to Mr. George Verghese was revised w.e.f. 01.04.2006, subject to the approval of Shareholders, from Rs. 30,56,280 /- p.a. to Rs 34,97,472/-p.a. as follows :

Salary Rs.1,30,200/- p.m (In the scale of Rs 1,00,000/- to Rs 4,00,000 p.m.)

Perquisites Rs. 1,61,256/- p.m (In the scale of Rs 1,00,000/- to Rs 4,00,000 p.m.)

Save and except as indicated hereinabove, other remuneration terms of Mr. George Verghese remain the same.

During the term of employment of Mr. George Verghese, as Executive Director & CEO (BTEG) & (BACRG), in the event in any financial year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in the Schedule XIII of the Companies Act, 1956 or any re-enactment thereof.

The approval of the Shareholders is being sought under the provisions of Schedule XIII of the Companies Act, 1956

The terms and conditions of Mr. George Verghese's remuneration 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, are in any way, concerned or interested in the Resolutions.

Your Directors recommend the resolutions for the your approval.

Item No. 13 & 14

The Remuneration Committee at its meeting held on 20th June, 2005 and the Board of Directors at its Meeting held on 27th July, 2005 revised the remuneration of Mr. Krushan Lal Swami w.e.f. 01.04.2005, subject to the approval of Shareholders, from Rs. 18,54,500/- p.a. to Rs 20,92,560/- p.a. as under :

Salary Rs. 79,000/- p.m. and perquisites Rs 95,380/- p.m.

The perquisites and allowances payable to him shall include accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, House Maintenance Allowance together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, utility allowance, 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 as per the rules of the Company 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.

On the recommendation of the Remuneration Committee at its meeting held on 15th June, 2006 and as confirmed by the Board Resolution dated 19th June, 2006, the remuneration payable to Mr. Krushan Lal Swami was revised w.e.f. 01.04.2006, subject to the approval of Shareholders, from Rs. 20,92,560 /- p.a. to Rs 25,45,760/-p.a. as follows :

Salary Rs. 1,01,000/- p.m (In the scale of Rs 75,000 to Rs 4,00,000 p.m.)
Perquisites Rs. 1,11,147/- p.m (In the scale of Rs 75,000 to Rs 4,00,000/- p.m.)

Save and except as indicated hereinabove, other remuneration terms of Mr. Krushan Lal Swami remain the same.

During the term of employment of Mr. Krushan Lal Swami, as Executive Director & Group CFO, in the event in any financial year, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule XIII of the Companies Act, 1956, unless otherwise approved by the Central Government, the remuneration shall be paid as per the monetary ceiling prescribed in the Schedule XIII of the Companies Act, 1956 or any re-enactment thereof.

The approval of the Shareholders is being sought under the provisions of Schedule XIII of the Companies Act, 1956

The terms and conditions of Mr. Krushan Lal 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. Krushan Lal Swami, are, in any way, concerned or interested in the Resolutions.

Your Directors recommend the resolutions for your approval.

INSPECTION OF DOCUMENTS

The Draft Agreement for re-appointment of Mr. Nirmal Bhogilal and the Supplementary Draft Agreements for the revision in remuneration of the Executive Directors 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)

Item No. 15

On the recommendation of the Remuneration Committee at its meeting held on 15th June, 2006 and as confirmed by the Board Resolution dated 19th June, 2006, it is proposed that in conformity with Article No 146 of the Articles of Association of the Company, Clause 49 of the Listing Agreement entered with the Stock Exchange, and Clause (b) of sub-section (4) of Section 309 of the Companies Act, 1956 and subject to the approval of members, to pay to the Directors of the Company not being Managing / Whole-time Director(s) commission @ not exceeding one percent of the Net profits of the Company in each Financial Year over a period of five years commencing from the Financial Year 2006 - 2007 extending upto and including the Financial Year 2010-2011.

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

Your Directors recommend the resolution for the your approval.

By Order of the Board of Directors

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

Mumbai
19th June, 2006

Registered Office :

Bharat House, 5th floor,
104, Bombay Samachar Marg,
Fort, Mumbai - 400 001.



INFORMATION AS REQUIRED UNDER

- (i) **SCHEDULE XIII OF THE COMPANIES ACT, 1956 RELATING TO REMUNERATION PAYABLE TO MR. PRATAP BHOGILAL, MR. NIRMAL BHOGILAL, MR. GEORGE VERGHESE & MR. KRUSHAN LAL SWAMI AS SPECIFIED AT ITEM NO 7,8,11 & 13 OF THE NOTICE**
- (ii) **CLAUSE 49 OF THE LISTING AGREEMENT RELATING TO THE RE-APPOINTMENT OF MR. NIRMAL BHOGILAL AS SPECIFIED AT ITEM NO 9 OF THE NOTICE**

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 a Private Company on 6 th 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 the Company grew by 26 % to Rs. 26348.08 Lacs as against Rs. 20947.64 Lacs for the previous year. The Total Income of the Company grew by 23 % at Rs. 10397.02 Lacs as against Rs. 8435.68 Lacs in the previous year. The profit after tax of the company has risen by more than 17 % at Rs. 856.70 Lacs from Rs. 730.23 Lacs during the previous year.
(5) Export performance and net foreign exchange collaborations.	:	The thrust on exports of the Company continues specially with emphasis on Machine Tools and Textile Air Engineering Equipment.
(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. Krushan Lal Swami
(b) Age	: 90 Years	56 Years	56 Years	47 Years
(2) Past remuneration	: Salary - Rs. 60,000/- p.m. + Perquisites - Rs. 75,000/- p.m. + Medical Expenses Upto Rs.10 lacs	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.
(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 experience 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 & Air Conditioning 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 2005-06	Salary : Rs. 1,75,000/- p.m. + Perquisites - Rs. 1,75,000/-p.m.	Salary Rs. 1,07,000/- p.m. + Perquisites Rs. 1,15,792/- p.m.	Salary Rs. 79,000/- p.m. + Perquisites Rs. 71,833/- p.m.

(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).	:	The company has conducted a Salary Survey of 9 industries engaged in the business similar to that of our company through OMAM Consultants Private Limited. The difference in the salary in our Company and that of bench marked Companies is 10-60 % in various grades. There is also a steep rise in salary levels in the Engineering Industry during 2005-2006. Therefore this revision has been proposed
(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	:	Mr. Pratap Bhogilal - Chairman Emeritus & Mr. Nirmal Bhogilal –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 reasons for inadequate profits during 1997-98 to 2002-03 were the economic downturn and acute recession in the Capital goods and engineering industry. However the revival in the industry during 2002-03 coupled with several remedial measures taken by the Company turned – around the Company's operations. The Company has already turned around and is making profits since last 3 years. The current year's Profit After Tax stands at Rs 856.70 Lacs.
(2) Steps taken or proposed to be taken for improvement	:	<p>The Company had 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 had embarked on a massive cost cutting exercise besides renewing the export thrust. The rightsizing of the manpower also has been effected. The Company had also completed large scale financial restructuring with Financial Institutions and Banks and had drastically reduced its debts and interest burdens.</p>
(3) Expected increase in productivity and profits in measurable terms	:	The Company made a profit after tax of Rs.151.71 lacs in 2003-04 which was increased to Rs. 730.23 lacs in 2004-05. The profit for the year under review (2005-06) has jumped to Rs. 856.70 lacs. The Company expects to consolidate its position further in the coming years.

The Other Directorships of Mr. Nirmal Bhogilal : Hindustan Construction Co. Ltd., Chowgle Industries Ltd., Batliboi International Ltd., Batliboi Environmental Engineering Ltd., Batliboi enXco Pvt. Ltd., Nirbhag Investments Pvt. Ltd., Hitco Investments Pvt. Ltd., Bhagmal Investments Pvt. Ltd., Pramaya Shares & Securities Pvt. Ltd, Delish Gourmet Pvt. Ltd.

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

The Other Directorships Mr. George Verghese : Batliboi International Ltd.

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

He is a member of Audit Committee of Batliboi Environmental Engineering Ltd.