



Mr. Pratap Bhogilal - Chairman Emeritus

**BOARD OF DIRECTORS**

Mr. Nirmal Bhogilal - Chairman & Managing Director

Mr. Vijay R. Kirloskar

Mr. Subodh Bhargava

Mr. E. A. Kshirsagar

Mr. Ameet Hariani

Mr. Ulrich Duden

Mr. George Verghese

**CORPORATE MANAGEMENT**

Mr. Nirmal Bhogilal Chairman & Managing Director

Mr. Daniel Vaz C. O. O. Textile Air Engineering Group

Mr. Edwyn Rodrigues C. E. O. Textile Machinery Group

Mr. Pradeep Pradhan C. E. O. Air Conditioning & Refrigeration Group

Mr. Sanjiv Joshi C. E. O. Environmental Engineering Group

Mr. Vineet Goel Chief Financial Officer

Mr. Gaurang C. Shah Chief Corporate Counsel & Company Secretary

Mr. Ashok Joshi Chief Human Resource Officer

**REGISTERED & CORPORATE OFFICE**

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

**FACTORY**

- (i) P. O. Fateh Nagar, Surat Navsari Road, Udhna - 394 220.
- (ii) Veerasandra Industrial Area Hosur Road, Bangalore-560100.

**AUDITORS**

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

**REGISTRAR & SHARE  
TRANSFER AGENTS**

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

**BANKERS**

Bank of Baroda  
Punjab National Bank  
ABN Amro Bank N.V.  
INDUSIND Bank Ltd.  
Barclays Bank PLC  
The Shamrao Vithal Co-op. Bank Ltd.

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## NOTICE

**NOTICE** is hereby given that the **Sixty – Sixth** Annual General Meeting of the members of **BATLIBOI Limited**, will be held on **Thursday, the 29<sup>th</sup> day of July, 2010 at 2.30 p.m.** at Babasaheb Dahanukar Hall, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6<sup>th</sup> Floor, 12 K Dubash Marg, Fort, Mumbai 400 001 to transact the following business:-

### ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010, the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.
- To appoint a Director in place of Mr. Nirmal Bhogilal, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Ulrich Duden, who retires by rotation and being eligible, offers himself for re-appointment.
- 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 the Statutory 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 Factories in consultation with the Company's Statutory Auditors on such terms and conditions including the remuneration as the Board of Directors may deem fit.”

### 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.
- Corporate members intending to send their authorised representatives to attend the meeting are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorising their representatives to attend and note on their behalf at the meeting.
- The Register of Members and the Share Transfer Books of the Company will remain closed from **22<sup>nd</sup> day of July, 2010 to 29<sup>th</sup> day of July, 2010** (both days inclusive).
- Any change of particulars including address, bank mandate and nomination for shares held in demat form should be notified only to the respective Depository Participants where the member has

opened his/her demat account. However, any change in particulars in respect of shares held in physical form should be sent to the Company's Share Transfer Agents Datamatics Financial Services Ltd – Plot No. A/16 & 17, MIDC, Part-B, Cross lane, Marol, Andheri (E), Mumbai – 400 093.

- Members are hereby informed that Dividend which remains unclaimed / un-encashed over a period of 7 years has to be transferred as per the provisions of the Companies Act, 1956 by the Company to “The Investor Education & Protection Fund” constituted by the Central Government under Section 205 C of the Companies Act, 1956.

Hereunder are the details of dividends paid by the Company and their respective due dates of transfer of unclaimed / un-encashed dividends to the designated fund of the Central Government:

| Date of Declaration of Dividend | Dividend for the year | Due for transfer to the Fund |
|---------------------------------|-----------------------|------------------------------|
| 19 <sup>th</sup> July, 2006     | 2005-2006             | August 2013                  |
| 28 <sup>th</sup> July, 2007     | 2006-2007             | August 2014                  |
| 30 <sup>th</sup> Sept, 2008     | 2007-2008             | October 2015                 |

It may please be noted that once the unclaimed / un-encashed dividend is transferred to “The Investor Education & Protection Fund” as above, no claim shall lie in respect of such amount by the shareholder.

- The relevant details of the Directors seeking re-appointment, required to be provided pursuant to clause 49 of the Listing Agreement, are furnished in the Corporate Governance Report.

By Order of the Board of Directors

**GAURANG SHAH**

Chief Corporate Counsel & Company Secretary

Place: Mumbai

Date : 8<sup>th</sup> May, 2010

### Registered Office

Bharat House, 5<sup>th</sup> floor,  
104, Bombay Samachar Marg,  
Fort, Mumbai – 400 001

## DIRECTORS' REPORT

Dear Members,

Your Directors submit their 66<sup>th</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2010.

### 1. FINANCIAL RESULTS

(Rs. in lakhs)

|   | <u>For the Year ended</u> |                    | <u>For the Year ended</u> |                     |
|---|---------------------------|--------------------|---------------------------|---------------------|
|   | <u>31.03.2010</u>         | <u>31.03.2009</u>  | <u>31.03.2010</u>         | <u>31.03.2009</u>   |
|   | <u>Stand alone</u>        | <u>Stand alone</u> | <u>Consolidated</u>       | <u>Consolidated</u> |
| <b>Gross Turnover (Including Indirect Sales)</b>                  | <b>21275.14</b>           | <b>19812.50</b>    | <b>31093.82</b>           | <b>35666.20</b>     |
| Net Sales   | 9254.81                   | 9753.02            | 19073.51                  | 25606.74            |
| Other Income  | 392.44                    | 363.78             | 677.15                    | 1183.19             |
| <b>TOTAL INCOME</b>   | <b>9647.25</b>            | <b>10116.80</b>    | <b>19750.65</b>           | <b>26789.93</b>     |
| <b>Profit before Interest, Depreciation &amp; Tax (PBITD)</b>     | <b>437.92</b>             | <b>(164.86)</b>    | <b>558.32</b>             | <b>1626.58</b>      |
| Less: Interest  | 527.19                    | 581.83             | 598.84                    | 654.55              |
| Less: Depreciation  | 183.39                    | 200.05             | 650.94                    | 607.93              |
| <b>PROFIT BEFORE TAX (PBT) AND EXCEPTIONAL ITEMS</b>              | <b>(272.66)</b>           | <b>(946.74)</b>    | <b>(691.46)</b>           | <b>364.10</b>       |
| Exceptional items:  |                           |                    |                           |                     |
| a) Exchange Gains/(Loss)  | (135.94)                  | (19.94)            | (135.94)                  | (19.94)             |
| b) Sale of Property Gains / (Loss)                                | -                         | 543.00             | -                         | 543.00              |
| <b>PROFIT BEFORE TAX (PBT)</b>                                    | <b>(408.60)</b>           | <b>(423.68)</b>    | <b>(827.40)</b>           | <b>887.17</b>       |
| Fringe Benefit Tax  | -                         | 28.00              | -                         | 28.00               |
| Provision for Taxation: Current Tax                               | -                         | -                  | (32.06)                   | 425.84              |
| Deferred Tax  | -                         | (145.06)           | -                         | (145.06)            |
| Tax Adjustments in respect of earlier years                       | 3.39                      | 31.47              | 3.39                      | 31.47               |
| <b>PROFIT AFTER TAX (PAT)</b>                                     | <b>(411.99)</b>           | <b>(338.08)</b>    | <b>(798.72)</b>           | <b>546.92</b>       |
| <b>Less: Minority Interest</b>                                    | <b>-</b>                  | <b>-</b>           | <b>(14.41)</b>            | <b>(7.84)</b>       |
| <b>PROFIT AFTER MINORITY INTEREST</b>                             | <b>(411.99)</b>           | <b>(338.08)</b>    | <b>(784.32)</b>           | <b>554.75</b>       |
| Add/(Less): Balance as per last Balance Sheet                     | 1392.24                   | 1658.77            | 2765.48                   | 2139.18             |
| Add: Amount Transferred on amalgamation of Batliboi SPM Pvt. Ltd. |                           |                    |                           |                     |
| - Balance of Profit & Loss Account as on 01-04-2007               | -                         | 61.64              | -                         | 61.64               |
| - Profit after Tax for Financial Year 2007-08                     | -                         | 9.91               | -                         | 9.91                |
| <b>Available Surplus/(Deficit)</b>                                | <b>980.25</b>             | <b>1392.24</b>     | <b>1981.17</b>            | <b>2765.48</b>      |
| Appropriations  | -                         | -                  | -                         | -                   |
| <b>Balance carried to Balance Sheet</b>                           | <b>980.25</b>             | <b>1392.24</b>     | <b>1981.17</b>            | <b>2765.48</b>      |

### 2. PERFORMANCE & PROSPECTS:

For the first 9 months of the year under review the Company's performance was affected adversely by the continuing downturn in industrial production and manufacturing in the country. Therefore, the Company continued to have an operating

loss for the first 3 quarters. However, in the last quarter, with the improvement in industrial production in the country and the consequent improved demand of capital goods, the Company's performance resulted in an operating profit in the fourth quarter. Order inflow too improved in the fourth quarter which augurs well for the Company's performance in 2010-11. As a result of the downturn, the Company continued its efforts to reduce costs and this effort will bear fruit for the future also.

The standalone gross turnover including indirect sales improved by over 7%. Before other exceptional items including a non-cash exchange loss, the operating loss was Rs.272.66 lacs, which is an improvement over an operating loss of Rs.946.74 lacs for the previous year. On a post tax basis including the extraordinary expenditure, the loss was Rs.411.99 lacs as compared to a post tax loss of Rs. 338.08 lacs in the previous year which included the extraordinary item of gain on sale of assets in the previous year of Rs.543 lacs.

The foreign subsidiaries were adversely impacted by the recession in Europe and North America and therefore, on a consolidated basis the gross turnover went down by nearly 15% to Rs.310.93 crores resulting in an after tax loss of Rs.7.98 crores.

As mentioned above, the Company has a healthy order backlog and with the sustained growth in the country's GDP, growth in industrial production and manufacturing resulting in an increased demand for capital goods, the Company expects substantial improvement in its performance during 2010-11. The Company has also reduced its costs of operations and with measures taken such as development and introduction of new products, the Company is confident of improving its market share and overall volumes.

### 3. PERFORMANCE OF SUBSIDIARIES:

#### *Quickmill Inc.*

Quickmill Inc. headquartered in Canada and engaged in the business of manufacturing large size gantry drilling machines, supplies mainly to the energy and component manufacturing sector. After a record 2008-09 performance, 2009-10 the year under review, has been a disappointment. The performance was adversely affected by the recession in North America and therefore, volumes reduced which resulted in an after tax loss as compared to a record profit of the previous year. With very strict control on costs and with the improvement in the markets, Quickmill expects a much improved performance in 2010-11.

#### *AESA Air Engineering*

AESA Air Engineering SA headquartered in France and with subsidiaries in China, Singapore and India, is engaged in the business of Air-conditioning and Filtration in textile, tobacco, chemical, non-woven and glass and fiber glass industries.

The textile sector internationally was severely affected which resulted in much reduced capital expenditure, affecting the performance of AESA. AESA too had an after tax loss. AESA management has reduced its operating costs as well as overheads and has focused on widening its global reach. With the improvement in the textile sector globally, the performance during the current year is expected to improve substantially.

**4. DIVIDEND**

In view of absence of profits during the year under review your Directors do not recommend any dividend for the Financial Year ended on 31.03.2010.

**5. SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS**

The Statement pursuant to section 212 of the Companies Act, 1956, containing details of the Company's Subsidiaries is attached.

The Consolidated Financial Statements of your Company and its subsidiaries prepared in accordance with "Accounting Standard – 21" prescribed by the The Institute of Chartered Accountants of India, form part of the Annual Report and the Accounts.

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copy of the Balance Sheet, Profit and Lost Account, Reports of the Board of Directors and Auditors of the subsidiaries have not been attached with the Balance Sheet of the Company. The annual accounts of these subsidiaries and the related detailed information will be made available to any Member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any Member of the Company/its subsidiaries at the Corporate Office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the head offices of the respective subsidiary companies.

**6. FIXED DEPOSITS**

The Company has not accepted any deposits from the public or employees during the year under review.

**7. DIRECTORS**

Mr. Nirmal Bhogilal and Mr. Ulrich Duden retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

Mr. SDS Mongia resigned from Directorship of the Company w.e.f. 30<sup>th</sup> July 2009. Your Directors place on record its appreciation of the services rendered by Mr. SDS Mongia during his tenure as Director of the Company.

Tenure of Mr. George Verghese as Executive Director of the Company came to an end on 31<sup>st</sup> December 2009 on his attaining superannuation. He continues as Non Executive Director of the Company w.e.f. 1<sup>st</sup> January 2010.

**8. CORPORATE GOVERNANCE**

A report on the Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance as also the Management Discussion and Analysis Report as stipulated under clause 49 of the Listing Agreement are given separately in this Annual Report.

**9. AUDITORS**

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

The Company has received the relevant Certificate u/s. 224(1) (B) of the Companies Act, 1956, from the said Auditors, indicating their availability.

**10. AUDITORS' REPORT**

The qualification in the Auditors' Report in regard to recognition of Deferred Tax Asset on account of unabsorbed Depreciation/ Loss under Income Tax Act has been suitably explained by the management in note 9 of schedule 17 (II) to the accounts.

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act 1956, the Directors, (based on the representations received from the Operating Management), confirm that :-

- in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed and that there are no material departures;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- they have taken proper and sufficient care, to the best of their knowledge and ability, 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;
- they have prepared the annual accounts on a Going Concern basis.

**12. FOREIGN EXCHANGE EARNINGS AND OUTGOINGS**

During the year ended 31<sup>st</sup> March 2010, Foreign Exchange Earnings were Rs 588.60 (Previous Year Rs. 550.11 lacs) and the Foreign Exchange Outgo was Rs.578.98 (Previous Year Rs. 133.69 lacs). For further details, Note Nos. 14 & 15 to the Accounts may be referred to.

**13. CONSERVATION OF ENERGY**

A 1.25 MW Windmill was commissioned on 26<sup>th</sup> September 2005 at Lamba, Gujarat to generate power for captive consumption of Company's Manufacturing Unit at Udhna. This strategic initiative has resulted in reduction in energy cost and also helped the Company gain self-sufficiency in its electricity requirement.

**14. 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, 1988, is given in Annexure-I to the Report.

**15. PARTICULARS OF EMPLOYEES**

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees forms part of this report as annexure. However, as permitted by section 219 (1) (b) (iv) of the Companies Act, 1956, this Annual Report is being sent to all shareholders excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered office of the Company.

**16. ACKNOWLEDGEMENTS**

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

For and on behalf of the Board of Directors

Place : MUMBAI

Dated: 8<sup>th</sup> May, 2010.

**NIRMAL BHOGILAL**  
**CHAIRMAN & MANAGING DIRECTOR**

**ANNEXURE TO DIRECTORS' REPORT**

**FORM - B**

**A. RESEARCH AND DEVELOPMENT (R & D)**

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

**Machine Tools**

The new machines designed and developed are:

- ◆ Size 1 Milling Machine
- ◆ CNC Trainer Series Machine - BTVMC
- ◆ CNC Milling Machine - BTTC
- ◆ Radial Drilling Machine – BR 515
- ◆ Knee type CNC Machine – BF 15 CNC – 802C
- ◆ Traveling Column Radial Drilling Machine - 60 mm drill
- ◆ CNC Turning Machine
- ◆ Vertical Machining Centre

**Air-Conditioning & Refrigeration**

The new products designed and developed are:

- ◆ Air-Handling Units
- ◆ Condensing Units for Sea Shore application
- ◆ Low temperature application Chillers

**Textile Air Engineering**

New products designed and developed are:

- ◆ Change in fixing arrangement for Rotary Drum Filter and Screen Filter
- ◆ Improved casing design of Stripper Fan
- ◆ Carbon Steel impeller for Material Transport Fan
- ◆ Product development (ZSC 180, 200, 224) for AESA.

**Quickmill**

Quickmill invested \$ 547,923 CAD in research and development in fiscal 2010. While there were a wide variety of projects covering areas of machine design, process improvement, and turnkey systems, the majority of Quickmill's efforts were focused on the following three significant projects:

Header Pipe Machining System – This project involved designing, building, and testing a complete turnkey system for machining large boiler header pipes and other tube systems.

Quickdrill Redesign – A complete redesign of Quickmill's popular Quickdrill machine, designing the best drilling machine possible at costs equal to or less than our current costs. It includes faster axis travels, a more rigid frame, simpler chip control, and better milling capability.

Condenser Plate Processing – Condenser manufacturers have long struggled with drilling the multitude of holes required in their

product in a timely and cost effective manner. With tooling, support, and process developments undertaken by Quickmill a complete system for drilling stacked condenser plates, has been developed a first in the industry.

**II. Benefits Derived**

- ◆ Ease of installation of equipment
- ◆ Improved life of equipment
- ◆ Improvement in quality
- ◆ Reduction in out-sourcing and increase in the inhouse manufacture
- ◆ Increased sales due to new product introduction
- ◆ New dimension in the market penetration

**III. Development Plans**

**Machine Tools**

- ◆ Vertical Machining Centre
- ◆ CNC Turning Centre with 1 Meter Admit between Center CNCLATHE
- ◆ CNC Turning Centre
- ◆ Radial Drilling Machine - 80 mm Drill
- ◆ Radial Drilling Machine- 100 mm Drill
- ◆ Radial Drilling Machine - 28 mm Drill
- ◆ CNC Trainer Series Machine centre - BTDC
- ◆ Traveling Column Radial Drilling Machine -100 mm
- ◆ Vertical Machining Centre

**Air-Conditioning & Refrigeration**

- ◆ Air-conditioning System for Railway AC coaches
- ◆ Air-conditioning System for War Ships, Coast Guard Trawlers, Fishing Trawlers and Submarines
- ◆ Screw Chillers

**Textile Air Engineering**

- ◆ Bigger capacity Compactors, Rotary Screen Filters
- ◆ Fog Type System
- ◆ Pre-fabricated Air Washer
- ◆ Centrifugal Fan manufacture for BEEL

**IV. Expenditure on R & D**

Capital Expenditure - **Rs.165 lacs (for TAE and Machine tools)**

**B TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

Information regarding imported technology during the last 5 years.

**NIL**

## CORPORATE GOVERNANCE REPORT

### 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 inter- action with employees, shareholders, creditors, consumers, institutional and other lenders and places due emphasis on regular compliance.

### 2. BOARD OF DIRECTORS:

The present strength of Board of Directors is Seven as on 31<sup>st</sup> March, 2010, whose composition and category is given below:

#### Composition and Category

One - Promoter, Executive Director

One - Non Promoter, Non Executive Director

Five- Independent, Non Executive Directors

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 is as under:

| Name of Director       | Category                     | No. of other Directorship | No. of membership of Board Committees | No. of Board Committees for which Chairperson |
|------------------------|------------------------------|---------------------------|---------------------------------------|---|
| Mr. Nirmal Bhogilal    | Promoter, Executive          | 2                         | 1                                     | -   |
| Mr. S. D. S Mongia*    | Independent, Non - Executive | -                         | 1                                     | 1   |
| Mr. Vijay R. Kirloskar | Independent, Non - Executive | 5                         | 2                                     | -   |
| Mr. E. A. Kshirsagar   | Independent, Non - Executive | 5                         | 8                                     | 4   |
| Mr. Subodh Bhargava    | Independent, Non - Executive | 11                        | 9                                     | 4   |
| Mr. Ameet Hariani      | Independent, Non - Executive | 3                         | 4                                     | -   |
| Mr. Ulrich H Duden     | Independent, Non - Executive | -                         | -                                     | -   |
| Mr. George Verghese**  | Non Executive                | 1                         | -                                     | -   |

\* ceased to be Director w.e.f. 30<sup>th</sup> July 2009

\*\* ceased to be Executive Director from 31<sup>st</sup> December 2009 and continues as Non Executive Director.

Note: Directorships and Committee memberships as per clause 49 of the Listing Agreement are considered

#### Attendance of each Director at the Board Meetings and the Last Annual General Meeting.

During the year ended 31<sup>st</sup> March, 2010, four Board Meetings were held on 8<sup>th</sup> May, 2009, 30<sup>th</sup> July, 2009, 29<sup>th</sup> October, 2009, and 30<sup>th</sup> January, 2010.

| Name of Director     | No. of Board Meetings attended | Attendance at the last AGM held on 30 <sup>th</sup> July, 2009 |
|----------------------|--------------------------------|--|
| Mr. Nirmal Bhogilal  | 4                              | Present  |
| Mr. V. R. Kirloskar  | 4                              | Present  |
| Mr. E. A. Kshirsagar | 3                              | Present  |
| Mr. Subodh Bhargava  | 4                              | Present  |
| Mr. Ameet Hariani    | 4                              | Present  |
| Mr. S. D. S Mongia*  | Nil                            | Absent   |
| Mr. Ulrich H Duden   | Nil                            | Absent   |
| Mr. George Verghese  | 3                              | Present  |

\* ceased to be Director w.e.f. 30<sup>th</sup> July 2009

### 3. AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

#### Terms of Reference

The Audit Committee shall have powers which include the following:

- to investigate any activity within its terms of reference.
- to seek information from any employee.

## Batliboi Ltd.

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- c. to obtain outside legal or other professional advice.
- d. to secure attendance of outsiders with relevant expertise, if it considers necessary.

### **The role of the audit committee shall include the following:**

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
3. Approval for payment to Statutory Auditors for any other services rendered by them.
4. Reviewing with management the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
- 5A. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing with the management, performance of statutory and internal auditors, and the adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### **Composition**

The Audit Committee of the Company comprises of three Directors and all Directors are Independent & Non- Executive Directors.

During the year under review, the Audit Committee was re-constituted due to resignation of Mr. SDS Mongia, Director of the Company, who was also Member and Chairman of the Audit Committee.

The present constitution of the Committee is as follows:

- |                         |   |
|-------------------------|---|
| 1. Mr. E. A. Kshirsagar | : Independent & Non – Executive Director (Chairman) |
| 2. Mr. Subodh Bhargava  | : Independent & Non – Executive Director            |
| 3. Mr. Ameet Hariani    | : Independent & Non – Executive Director            |

### **Meeting and Attendance :**

During the year ended 31<sup>st</sup> March 2010 four Audit Committee Meetings were held on 8<sup>th</sup> May 2009, 30<sup>th</sup> July 2009, 29<sup>th</sup> October 2009 and 30<sup>th</sup> January 2010.



| <b>Name of Director</b> | <b>No. of Meetings attended</b> |
|-------------------------|---------------------------------|
| Mr. E. A. Kshirsagar    | 3                               |
| Mr. S D S Mongia*       | Nil                             |
| Mr. Subodh Bhargava     | 4                               |
| Mr. Ameet Hariani       | 4                               |

\* ceased to be Director w.e.f. 30<sup>th</sup> July 2009

#### **4. REMUNERATION COMMITTEE**

##### **Brief Description of Terms of Reference**

- To review, assess and recommend the appointment of whole-time directors;
- To periodically review the remuneration package of whole-time directors and next level (in most cases either CEOs, CFOs or VPs) and recommend suitable revision to the Board; and
- Such other matters as may be decided by the Board from time to time.

##### **Composition**

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

During the year under review, the Remuneration Committee was re-constituted due to resignation of Mr. SDS Mongia, Director of the Company, who was also Member and Chairman of the Remuneration Committee.

The present constitution of the Committee is as follows:

- Mr. E. A. Kshirsagar : Independent & Non – Executive Director (Chairman)
- Mr. Subodh Bhargava : Independent & Non – Executive Director
- Mr. V. R. Kirloskar : Independent & Non – Executive Director

##### **Meetings and Attendance**

The Committee met once on 17<sup>th</sup> July 2009 during the Financial Year ended 31<sup>st</sup> March, 2010.

| <b>Name of Director</b> | <b>No. of Meetings attended</b> |
|-------------------------|---------------------------------|
| Mr. E. A. Kshirsagar    | 1                               |
| Mr. S D S Mongia*       | Nil                             |
| Mr. Subodh Bhargava     | 1                               |
| Mr. V. R. Kirloskar **  | Nil                             |

\* ceased to be Director w.e.f. 30<sup>th</sup> July 2009

\*\* Elected as a member w.e.f. 30<sup>th</sup> July 2009

##### **Remuneration Policy**

The compensation of the Executive Directors is recommended by the Remuneration Committee and is approved by the full Board. The remuneration policy is directed towards rewarding performance based on review of achievements. It is aimed at attracting and retaining high calibre talent. The Company does not currently have a stock option plan or performance linked incentives for its Directors.

The Company pays to its Non-Executive Directors (NEDs) Sitting Fee of :

- Rs. 15,000/- per Board Meeting,
- Rs. 10,000/-per Audit Committee Meeting, Remuneration Committee Meeting and Strategic Planning Committee Meeting; and
- Rs.5000/- per Investors' / Shareholders' Grievance and Share Transfer Committee Meeting and Executive Committee Meeting and Selection Committee Meeting.

A Selection Committee comprising two Independent Non Executive Directors Mr. E A Kshirsagar and Mr. Ameet Hariani and one other member Mr. PK Nair having expertise in Human Resource and Organisation Development was formed to comply with the Rules under Section 314 of the Companies Act, 1956.

The shareholders have at their Annual General Meeting held on 19<sup>th</sup> July 2006 approved of payment of commission to the NEDs within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 1956. The said commission is decided each year by the Board of Directors and distributed amongst the NEDs based on their attendance and contribution at Board and certain Committee meetings, as well as the time spent on operational matters other than at meetings. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

## Batliboi Ltd.

### Shares Held by Non-Executive Directors:

Mr. Ameet Hariani holds 6080 Equity Shares of Rs. 5 each which constitute a negligible percentage of the Paid-up Equity Share Capital of the Company. All other Non- Executive Directors hold Nil Shares in the Company.

### Details of remuneration to all the Directors for the year ended 31<sup>st</sup> March, 2010

(Figures in Rs.)

| Name of the Director | Salary    | Benefits   | Commission | Sitting Fees | Total     | Service contract/ Notice period/ Severance fees  |
|----------------------|-----------|------------|------------|--------------|-----------|--|
| Mr. Nirmal Bhogilal  | 36,00,000 | 30,21,927  | —          | —            | 66,21,927 | Five years Contract and Notice Period six months |
| Mr. S. D. S Mongia   | —         | —          | —          | —            | —         | Retirement by rotation                           |
| Mr. V. R. Kirloskar  | —         | —          | —          | 60,000       | 60,000    | ___do___   |
| Mr. E. A. Kshirsagar | —         | —          | —          | 85,000       | 85,000    | ___do___   |
| Mr. Subodh Bhargava  | —         | —          | —          | 1,10,000     | 1,10,000  | ___do___   |
| Mr. Ameet Hariani    | —         | —          | —          | 1,50,000     | 1,50,000  | ___do___   |
| Mr. Ulrich H Duden   | —         | —          | —          | —            | —         | ___do___   |
| Mr. George Verghese  | 13,84,200 | 47,90,838@ | —          | #15,000      | 62,06,038 | ___do___   |

@ The benefits paid to Mr. George Verghese includes retrial benefits.

# Sitting fees of Rs. 15000 is paid to Mr. George Verghese for the Meeting attended by him as Non Executive Director.

### Notes on Directors Seeking Re-appointment as required under clause 49 VI(A) of the Listing Agreement Entered Into With BSE/ NSE.

- (i) Mr. Nirmal Bhogilal (60) is B.Sc. (Engg), Chemical Engg (London University), A.C.G.I. He is overall in charge of day to day management of the Company. Mr. Bhogilal is an eminent industrialist and has over 33 years of business experience in the Engineering Industries. He is also member of several non- listed Companies. He was the Chairman of (W.R) of CII. He was also Past President of Indian Machine Tool Manufacturer's Association. He is currently Vice President of Indo German Chamber of Commerce and a member of National Council of CII.

He is Director/ Member of the following Companies/ Committees:

| Name of the Company                    | Chairman / Director | Committees of the Board | Chairman /Member |
|--|---------------------|-------------------------|------------------|
| Hindustan Construction Co. Ltd.        | Director            | —                       | —                |
| Batliboi Environmental Engineering Ltd | Director            | Audit                   | Member           |

- (ii) Mr. Ulrich Duden (72), a German national, has studied Economics & Financial Management at the Goethe University, Frankfurt, North Western University, Chicago and Stanford University California. He has over 45 years of experience, working in different capacities with Hoechst AG, Montedison S.p.A (Italy), ILVA S.p.A (Italy), Treuhandanstalt (Germany), Emerson Electric Inc. (St Louis). Mr. Duden has also expertise in restructuring and repositioning Companies in troubled situations. At Emerson he was the President and Managing Director of Liebert Hiross S.p.A., manufacturers of precision air conditioning systems. He was also CEO of IDRA PRESSE S.p.A, Brescia (Italy), manufacturers of die casting machines and dies. Currently he is a consultant.

### 5. INVESTORS' / SHAREHOLDERS' GRIEVANCE & SHARE TRANSFER COMMITTEE:

#### Functions

The "Investors' / Shareholders' Grievance and Share Transfer Committee" of the Company, consists of two members, chaired by a Non - Executive Director. The Committee meets at frequent intervals, to approve inter-alia, transfer / transmission of shares, issue of duplicate share certificates and review the status of investors' grievances and redressal mechanism and recommend measures to improve the level of investor services. Details of share transfers/ transmissions approved by the Committee are placed at the Board Meetings from time to time.