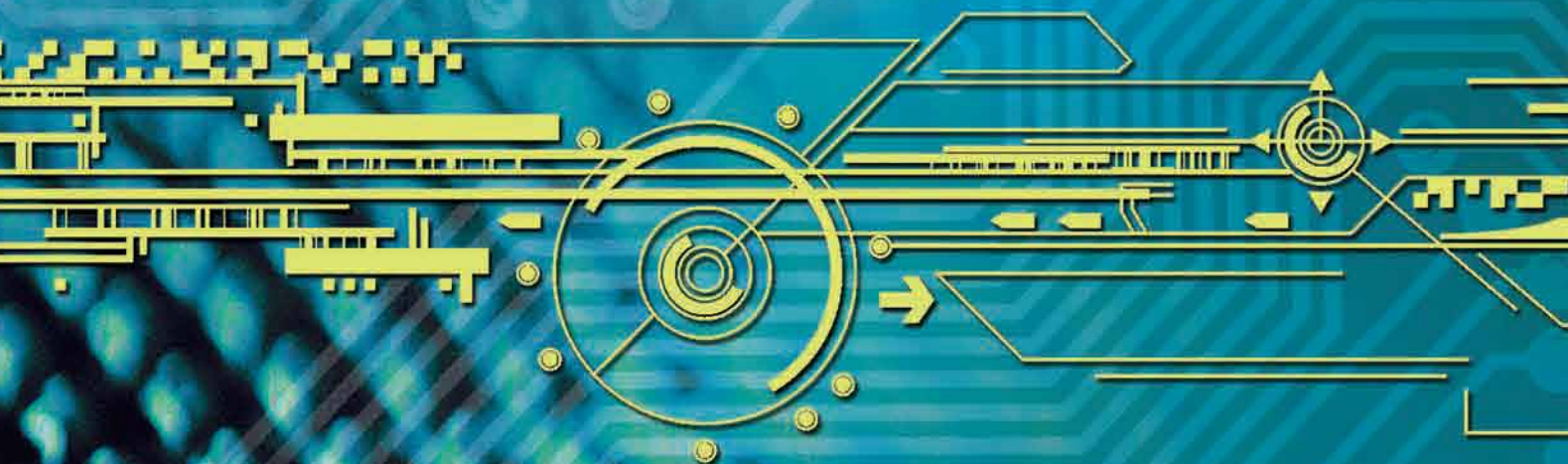




Batliboi Ltd.



68th Annual Report  
2011-2012





## Our Manufacturing Facilities

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At Surat



At Bangalore



At Peterborough,  
Canada



# Corporate Information

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. E. 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 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  
Canara Bank  
Royal Bank of Scotland  
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-Eighth Annual General Meeting of BATLIBOI Limited, will be held on Monday, 30<sup>th</sup> day of July, 2012 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:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2012, the Balance Sheet as at that date and the Reports of the Auditors and Directors thereon.
2. To appoint a director in place of Mr. Vijay R. Kirloskar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. George Verghese, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without any modification, the following resolution as an **ORDINARY RESOLUTION**:

**“RESOLVED THAT** M/s. 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 Factories 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:

5. To consider and if thought fit, to pass with or without any modification, the following resolution as a **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 Stock Exchanges 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 consent of the members be and is hereby accorded to the payment of commission @ not exceeding 1% (one percent) of the Net profits of the Company to the Directors of the Company not being Managing/Whole-time Director(s) (to be divided amongst the Directors in such manner as the Board may determine) during each or any of the of five financial years commencing from the Financial Year 2011-2012 extending upto and including the Financial Year 2016-2017;

**RESOLVED FURTHER THAT** Mr. Gaurang Shah, Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the resolution.”

By Order of the Board of Directors,

Sd/-

**GAURANG SHAH**

*Chief Corporate Counsel & Company Secretary*

Mumbai,  
May 23, 2012

Registered Office:  
Bharat House, 5th floor,  
104, Bombay 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. PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business set out in item No. 5 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 23<sup>rd</sup> July, 2012 to Monday, 30<sup>th</sup> July, 2012 (both days inclusive).
4. 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 (DPs) 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.
5. Members are requested to notify their e-mail addresses to the company's share transfer agents, in order to enable the company to send the documents electronically as permitted by Ministry of Corporate Affairs.
6. 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 months of transfer of unclaimed/un-encashed dividends to the designated fund of the Central Government:

<b>Date of Declaration of Dividend</b>	<b>Dividend for the year</b>	<b>Due months of transfer to the Fund</b>
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.

7. The relevant details of the Directors seeking re-appointment as required under clause of 49 of the Listing Agreement are given in the Corporate Governance Report.
8. In pursuance of Government of India's Green Initiative to save paper, the Company has sent the notice & the Annual Report in soft form to those members whose e-mail addresses are registered & have opted to receive the same in soft form. For others, it has been sent in physical form. Members are requested to register their e-mail addresses with DPs in order to support the initiative of saving on consumption of paper & cost of printing & dispatch.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5**

On the recommendation of the Remuneration Committee at its Meeting held on 23<sup>rd</sup> January, 2012 and as confirmed by the Board Resolution dated 23<sup>rd</sup> May, 2012 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 Stock Exchanges, 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 or any Financial Year over a period of five years commencing from the Financial Year 2011-2012 extending upto and including the Financial Year 2016-2017.

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 your approval.

By Order of the Board of Directors,

Sd/-

**GAURANG SHAH**

*Chief Corporate Counsel & Company Secretary*

Mumbai,  
May 23, 2012

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

**DIRECTORS' REPORT**

Dear Members,

Your Directors submit 68<sup>th</sup> Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March, 2012.

**1. FINANCIAL RESULTS**

(₹ in lakhs)

	For the Year ended			
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	Standalone	Standalone	Consolidated	Consolidated
<b>Gross Turnover (Including Indirect Sales)</b>	<b>32,137.60</b>	<b>26,673.32</b>	<b>44,219.69</b>	<b>37,175.64</b>
<b>Total Income</b>	<b>13,132.22</b>	<b>13,145.46</b>	<b>25,315.98</b>	<b>23,766.39</b>
<b>PBDIT</b>	<b>697.40</b>	<b>1,156.89</b>	<b>1,269.58</b>	<b>1,387.07</b>
Less: Interest	472.35	540.42	588.92	649.01
Less: Depreciation	154.47	155.90	631.43	611.11
<b>Profit Before Tax &amp; Exceptional Items</b>	<b>70.58</b>	<b>460.56</b>	<b>49.23</b>	<b>126.95</b>
Exceptional items: (Income)/expenses	—	(80.99)	—	(80.99)
<b>PBT</b>	<b>70.58</b>	<b>541.54</b>	<b>49.23</b>	<b>207.93</b>
Provision for Taxation: Current Tax	16.00	115.80	75.22	22.27
Deferred Tax	38.00	(21.03)	42.83	(3.10)
Mat credit available for set off	(16.00)	(57.80)	(16.00)	(57.80)
Tax Adjustments in respect of earlier years	—	(26.22)	—	(26.22)
<b>PAT</b>	<b>32.58</b>	<b>530.80</b>	<b>(52.81)</b>	<b>272.78</b>

**2. DIVIDEND**

Due to insufficient profits, your Directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2012.

**3. REVIEW OF OPERATIONS AND OUTLOOK**

The year under review witnessed subdued industrial production and consequential lower demand for the capital goods and other industrial products. As a result, the Machine Tool Industry witnessed fall in demand after a buoyant previous year. The Textile Industry also showed sluggish growth due to erratic raw material price movement and its resultant impact on the yarn production. Trading division however, did well riding on surge in demand from overseas customers.

On standalone basis, the gross turnover including indirect sales grew by more than 20% over the previous year. Revenue from operations was lower at ₹ 123.87 crores as against ₹ 127.46 crores for the previous year. The operations resulted in reduced profit before exceptional items and tax of ₹ 70.58 lacs as against ₹ 460.56 lacs in the previous year, mainly due to increased cost and overheads.

The performance of foreign subsidiaries showed mixed results as Quickmill Inc. posted impressive results on the strength of sustained demand from various sectors in American continent whereas AESA SA continued to face unsteady times due to slower than expected recovery in Europe and Middle East. The consolidated turnover was up by more than 6%. However, due to higher cost and squeezed margins, the operations resulted in a post tax loss of ₹ 52 lacs as against profit of ₹ 272 lacs in the previous year.

The Company has a healthy order book and reasonable level of enquiries. This coupled with various initiatives such as launching of new products and concerted R&D activities would be the key drivers for the growth in the current year. However, continued lower industrial production and difficult economic environment poses the challenges for the year ahead.

**4. SUBSIDIARIES****(i) Quickmill Inc.**

Quickmill Inc. head quartered in Canada is engaged in making of large gantry drilling and milling machines and caters mainly to the energy and heavy equipments manufacturing sectors. The year under review has been encouraging



as the operations returned to normally riding on the recovery in the American markets. The Company successfully launched its new line of machining centre and will be the thrust area in the current year.

With the modest recovery in the North American market, increased presence in India and other growing economies and continued focus on cost reduction, the outlook for the year ahead is positive.

(ii) **AESA Air Engineering**

AESA SA head quartered in France is engaged in the business of Air-conditioning and filtration in textile, tobacco, chemical, non-woven and glass and fiber glass industry.

After a recovery in the previous year, the performance during the year under review was unsatisfactory. This was due to slower than expected recovery in Europe and Middle East and other major markets where the Company is operating, coupled with pressure on margins due to unrelenting competition.

The Company has taken various measures such as restructuring of operations in France, China, Singapore and India and intensifying R&D efforts, the results of which will be seen in the current year. The Company is also focusing on its spare parts and service business to augment revenues.

**5. EMPLOYEE STOCK OPTION SCHEME**

Pursuant to the resolutions passed by the members at the Extra Ordinary General Meeting held on 13<sup>th</sup> December, 2011, your Company has formulated and introduced Employees Stock Option Plan (ESOP) with a view to encourage the employees to participate in the growth of the Company. Out of 28,68,255 reserved under the ESOS, the Remuneration Committee granted 10,00,000 options as a first tranche to the eligible employees, during the year under review. Each option would entitle the Option holder to acquire one equity share of the Company upon vesting. These options will vest in three equal annual installments after three, four and five years of grant.

Disclosures as required under the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme), Guidelines, 1999 are annexed to this Report.

**6. DELISTING OF SHARES FROM THE NSE**

With a view to reduce administrative work and overheads, it was thought prudent to remain listed only with one Stock Exchange having nationwide terminals. Accordingly, after taking Board approval, the Company had made an application for Delisting its Shares from National Stock Exchange of India Limited (NSE) under Regulation 6 & 7 of SEBI (Delisting of equity Shares) Regulations, 2009. The same has been approved by NSE and the equity shares have been delisted from the NSE vide circular no. NSE/CML/20957 dated 7th June, 2012. The Company's Shares will continue to remain listed on the Bombay Stock Exchange Limited.

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

The Statement pursuant to section 212 of the Companies Act, 1956, containing details of the subsidiaries is given elsewhere in the Annual Report.

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

In terms of Circular No. 51/12/2007-CL-III dated 8th February, 2011 issued by the Ministry of Corporate Affairs granting exemption to the companies under section 212 of the Companies Act, 1956, the Balance Sheet, Profit & Loss Account, Report of Board of Directors and Auditors of Subsidiary Companies 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 subsidiaries.

**8. FIXED DEPOSITS**

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

**9. DIRECTORS**

Mr. Vijay R. Kiroloskar and Mr. George Verghese retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Your Directors recommend their re-appointment. Brief resume of the Directors proposed to be re-appointed as required under Clause 49 of the Listing Agreement are provided in the Corporate Governance Report forming part of this Annual report.

None of the Directors of the Company are disqualified under Section 274(1) (g) of the Companies Act, 1956.

## 10. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement is given elsewhere in this Annual Report.

## 11. CORPORATE GOVERNANCE

A report on the Corporate Governance pursuant to Clause 49 of the Listing Agreement along with a Certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance forms part of the Annual Report.

## 12. AUDITORS

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

The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits u/s. 224(1) (B) of the Companies Act, 1956.

## 13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that were 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 Profit of the Company for the year under review;
- (iii) 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 and;
- (iv) they have prepared the Annual Accounts on a Going Concern basis.

## 14. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

The particulars required to be disclosed pursuant to Section 217 (1) (e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are given in the annexure "B" forming part of this 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 to take this opportunity to express and place on record their appreciation for their assistance and co-operation extended by shareholders, employees, customers, principals, agents, bankers, financial institutions, suppliers, distributors and other stakeholders of the Company.

By Order of the Board of Directors,

Sd/-  
**NIRMAL BHOGILAL**  
**CHAIRMAN & MANAGING DIRECTOR**

Mumbai,  
May 23, 2012