



THE YASH BIRLA GROUP

Birla Precision Technologies Limited

26th Annual Report

2012 - 13

BPT
BIRLA
PRECISION

**ISO 9001 : 2000 &
ISO 14001 : 2004
CERTIFIED**

**BIRLA PRECISION TECHNOLOGIES LIMITED****Registered Office**

B-15/4, M.I.D.C., Waluj, Aurangabad – 431 133 (M.S.) Tel. No.: (0240) 2554300, +91-022-66158392

Visit us at: www.birlaprecision.in Email id: einward.ris@karvy.com

Corporate identity Number (CIN): L29220MH1986PLC041214

Scrip Code (BSE): 522105

BOARD OF DIRECTORS

- : Shri Yashovardhan Birla - Chairman (Resigned w.e.f. 27th May 2013)
- Shri M.S. Arora - Managing Director
- Shri P.V.R. Murthy - Director (Resigned w.e.f. 27th May 2013)
- Shri Shailesh Sheth - Director
- Shri M.S. Adige - Director
- Shri Augustine Kurias - Director
- Smt. Avanti Birla - Director

COMPANY SECRETARY

- : Ms. Lovelina Cecil Faroz (Resigned w.e.f. 30th June 2013)

AUDITORS

- : M/s. Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants
11-B Vatsa House, (RPI House),
Janmabhoomi Marg,
Fort, Mumbai - 400001

BANKERS

- : ICICI Bank Limited
Bank of Maharashtra
Bank of Baroda
Oriental Bank of Commerce
HDFC Bank Limited

REGISTERED OFFICE

- : B-15/4, M.I.D.C.,
Waluj, Aurangabad – 431 133 (M.S.)

PLANT LOCATIONS

- : Tool Holder Division:
B- 15/4, M.I.D.C., Waluj, Aurangabad – 431 133
Tool Division:
B-15/3/1, M.I.D.C., Waluj, Aurangabad – 431 133
62/63, M.I.D.C., Satpur, Nashik – 422 007
Foundry Division:
B-15/3/2, M.I.D.C., Waluj, Aurangabad – 431 133

**REGISTRAR & SHARE
TRANSFER AGENTS**

- : M/s. Karvy Computershare Private Limited
17-24, Vittalrao Nagar, Madhapur,
Hyderabad – 500 081 (A.P.)

Contents	Page No.
Notice	2
Directors' Report	9
Management Discussion & Analysis Report	12
Corporate Governance Report and Certificate	14
Auditor's Report	23
Balance Sheet	27
Statement of Profit and Loss	28
Cash Flow Statement	29
Notes to the Financial Statement	31

26th Annual General Meeting

at 11.30 a.m.

at Registered Office of the Company at

B-15/4, M.I.D.C., Waluj,

Aurangabad - 431 133 (M.S.)

NOTICE OF THE 26TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 26th ANNUAL GENERAL MEETING OF BIRLA PRECISION TECHNOLOGIES LIMITED will be held on Friday 27th September, 2013 at 11.30 a.m., at the Registered Office of the Company at B-15/4, M.I.D.C., Waluj, Aurangabad - 431 133 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended on that date together with the Report of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Augustine Kurias, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri M.S. Adige, who retires by rotation, and being eligible offers himself for re-appointment
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Thakur, Vaidyanath Aiyer & Co., Chartered Accountants, (Registration no. 000038N) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company.

RESOLVED FURTHER THAT the Statutory Auditors be paid such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors, plus reimbursement of out of pocket expenses.”

SPECIAL BUSINESS:

5. WAIVER OF RECOVERY OF EXCESS REMUNERATION:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT subject to the approval of the Central Government, approval be and is hereby accorded for waiver of recovery of excess remuneration of an amount ₹ 55.23 lacs paid to Shri. M. S. Arora, Managing Director of the Company during the financial year 2012-13.

6. TO CONSIDER AND APPROVE THE ISSUE OF WARRANTS OF THE COMPANY TO THE PROMOTER AND PROMOTER GROUP ON PREFERENTIAL ALLOTMENT BASIS :-

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment(s) thereto or any statutory modification(s) or re-enactment thereof for the time being in force), Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI Regulations”) as in force, the regulations/guidelines, if any, issued by the Government of India, the Reserve Bank of India and any other applicable laws, rules and regulations (including any amendment(s) thereto or re-enactment(s) thereof for the time being in force) and the relevant provisions of the Memorandum and Articles of Association of the Company and Listing Agreement entered into by the Company with the Stock Exchanges where shares of the Company are listed, and subject to such approvals, consents, permissions and sanctions as may be required from the Government of India, the Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other relevant statutory, governmental authorities or departments, institutions or bodies (“Concerned Authorities”) in this regard and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the Concerned Authorities while granting such approvals, sanctions and permissions as may be necessary (“Approvals”) and any such conditions and / or modifications as may be prescribed, stipulated or imposed by any such Approvals and / or which may be agreed to or considered necessary by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), the consent, permission and approval of the Company be and is hereby accorded to the Board to create, issue, offer and allot, from time to time in one



or more tranches, on a preferential allotment basis, upto 26,32,588/- (Twenty six Lakhs Thirty Two thousands Five Hunderd Eighty Eight) warrants to the Promoter and Promoter Group of the Company (hereinafter referred to as “allottees”) entitling the warrant holders to subscribe in one or more tranches for one equity share of the face value of ₹ 2/- each fully paid up, at a price calculated in accordance with Regulation 76(1) of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 which shall be higher of the following:

- I. The average of the weekly high and low of the closing prices of the related shares quoted on the Stock Exchanges during the 26 weeks preceding the relevant date.
- OR
2. The average of the weekly high and low of the closing prices of the related shares quoted on the Stock Exchanges during the two weeks preceding the relevant date.

The allottees being as follows:

Promoter and Promoter Group:

S. No.	Name of Promoter	No. of Warrants
1.	Asian Distributors Private Limited	13,16,294
2.	Birla Bombay Private Limited	13,16,294
	Total	26,32,588

RESOLVED FURTHER THAT:

- I. The Equity Shares to be issued and allotted by the Company on conversion of warrants in the manner aforesaid shall be subject to the provisions of the Memorandum and Articles of Association of the Company.
- II. The Equity Shares shall rank pari passu in all respects with the existing Equity Shares of the Company, including entitlement to dividend.

RESOLVED FURTHER THAT:

- I. The warrant holders shall be entitled to apply for and obtain in their sole discretion for every warrant, one equity share of ₹ 2/- each fully paid up at a price calculated in accordance with Regulation 76(1) of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, which option shall be exercised by the warrant holder at any time before the expiry of 18 months (“term of the warrants”) of such issue by giving a notice of at least 10 days.
- II. The warrant holders are entitled to exercise the warrants in full or in part or may decline to exercise the option to convert the warrants, in which case the unexercised warrants shall be deemed to have lapsed at the end of their term.
- III. In consideration of the warrants being subscribed, the aforesaid allottees shall pay to the Company an amount representing 25 % of the issue price of the Equity Shares at the time of allotment of the Warrants. The balance 75% shall be payable at the time of allotment of the Equity Shares pursuant to the exercise of the option of conversion of the warrants. The Board shall forfeit such amount in respect of any such warrants in respect of which the allottees do not exercise their option to convert the same into Equity Shares.
- IV. The warrant by itself shall not give the holder thereof any rights of shareholder of the Company. Further, these warrants are non-transferable and shall not be listed on the Stock Exchange(s).
- V. The Board shall be entitled to determine, vary, modify or alter any of the terms and conditions of the issue and allotment of Equity Shares and warrants, including reduction of the size of the issue, as it may deem expedient.

RESOLVED FURTHER THAT the Relevant Date for the preferential issue, in relation to the Warrants, for the purpose of determining the issue price of Equity Shares (to be allotted on exercise / conversion of the warrants) will be the date thirty days prior to the date of the Annual General Meeting which is in accordance with Regulation 71 of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all such actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient including in relation to the issue or allotment of aforesaid securities and (including the equity shares arising on exercise of the warrants) and listing thereof with the Stock Exchange(s) as appropriate and to resolve and settle all question, doubts and difficulties that may arise in the proposed issue, offer and allotment of any of the securities, utilization of the issue proceeds and to do all such acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of directors or any other officer or officers of the Company to give effect to the aforesaid resolution.”

By Order of the Board of Directors

Place: Mumbai

Date: 3rd September, 2013

M. S. Arora
Managing Director

NOTES

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item No. 4 set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The Proxy Form as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than FORTY-EIGHT HOURS (48 hours) before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization.
3. Pursuant to Clause 49 of the Listing Agreement, the details of the Directors seeking re-appointment at the ensuing Annual General Meeting is provided in the Corporate Governance Report.
4. The Register of Members and Share Transfer Books of the Company will be closed from Thursday 5th September, 2013 to Friday 13th September, 2013 (both days inclusive).
5. Pursuant to the provisions of the Companies Act, 1956 dividend declared at the Annual General Meeting of the Company held on September 27, 2007, September 18, 2008 and September 30, 2009 if not claimed within seven years of such declaration respectively will be transferred to Investor Education and Protection Fund (IEPF). Members who have not encashed their dividend warrants for the aforesaid years are advised to send requests for issuance of duplicate dividend warrants (in case they have not received the Dividend Warrants) and / or revalidation of unencashed Dividend Warrants still held by them, to the Registrars and Transfer Agents of the Company under the heading “Dividend Revalidation”. It may also be noted that once the unclaimed dividend is transferred to IEPF, as above, no claim shall lie in respect thereof.
6. Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, the details of the Dividend paid by the Company to the Investor Education and Protection Fund (IEPF), if they remain unclaimed by the shareholders is given below:

Date of Declaration of Dividend	Dividend for the year	Due Date of Transfer
July 25, 2006	2005-06	August 23, 2013

7. Members are requested to:-
 - a. bring their copies of the Annual Report at the time of attending the Annual General Meeting
 - b. complete the attendance slip and deliver the same at the entrance of the meeting hall



- c. send their questions atleast 10 days in advance before the Annual General Meeting about any further information on accounts or other related topics in the Annual Report so as to enable the Company to answer their question satisfactorily.
8. Members holding shares in physical form may be aware that trading of the Equity Shares of the Company has to be in demat form. In view of this and several other benefits of holding shares in demat mode, you are requested to have your shares dematerialized to avail the benefits of electronic form of trading.
9. Members are requested to promptly notify immediately any change in their addresses to the Company's Registrars and Share Transfer Agents for shares held in physical form and to their respective Depository Participants for shares held in electronic form. This will help the Company and its Registrars and Share Transfer Agents to provide efficient and better service to the Members.
10. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail address with M/s. Karvy Computershare Private Limited -Registrar and Transfer Agents of the Company.

By Order of the Board of Directors

Place: Mumbai

Date: 3rd September, 2013

Registered Office:

B-15/4, M.I.D.C., Waluj,
Aurangabad – 431 133

M. S. Arora

Managing Director

ANNEXURE TO NOTICE

The following Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 (the Act), sets out all material facts relating to the business mentioned at Item No. 5 and 6 of the accompanying Notice:

Item No. 5

Waiver of Recovery of excess remuneration:

During the financial year 2012-13, Shri. M.S. Arora, Managing Director, was entitled to remuneration, perquisites and commission not exceeding ₹ 75 lacs p.a. as per the shareholders resolution. However, the actual amount of remuneration, perquisites and commission paid/provided to Shri. M. S. Arora during the financial year 2012-13 was ₹ 102.61 lacs. As a result, excess remuneration paid/provided to Shri. M. S. Arora during the financial year 2012-13 was ₹ 55.23 lacs, and hence requires approval of the shareholders for waiver of recovery of excess remuneration paid. As the total remuneration paid to Shri. M.S Arora during the financial year 2012-13 has exceeded the limits as specified in Section 309(3) of the Companies Act, 1956, the waiver of recovery of excess remuneration paid is also subject to the approval of Central Government.

None of the Directors except Shri M.S. Arora, are concerned or interested in the said resolution.

The Board recommends the resolution as mentioned in Item no. 5 of the notice.

Item No. 6

Issuance of equity share warrants of the Company to the Promoter(s) and Promoters Group on preferential allotment basis:

It is proposed to allot upto 26, 32,588 (Twenty Six lakhs Thirty Two Thousand Five Hundred Eighty Eight) equity share warrants to the Promoter and Promoter Group of the Company on a Preferential basis. The proceeds of the issue are proposed to be utilized to part finance Company's capital expenditure for expansion and modernization activities and working capital requirements for the

expansion and modernization projects. The proposed preferential issue is in accordance with the Regulations for Preferential Issue contained in Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, entitling the warrant holders to apply for equivalent number of fully paid equity shares of the Company having a face value of ₹ 2 per share.

The issue of equity shares will be at a price not less than the higher of the following:

- (i) the average of the weekly high and low of the closing prices of the Company's shares quoted on Exchanges during the twenty six weeks preceding the 'Relevant Date'.

OR

- (ii) The average of the weekly high and low of the closing prices of the Company's shares quoted on Exchanges, during the two weeks preceding the 'Relevant Date'.

The 'Relevant Date' for determining the issue price of the equity shares will be the date thirty days prior to the date of declaration of results of Postal Ballot which is in accordance with Regulation 71 of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

An upfront payment of 25% of the price of warrant shall be paid by the allottees before the allotment of the convertible warrants and the same will be adjusted against the issue price of the respective equity shares at the time of conversion.

The said Warrants shall be converted within a period not exceeding eighteen months from the date of allotment of the Warrants, in one or more tranches, in accordance with the SEBI Regulations and other relevant guidelines as may be prevailing at the time of allotment of shares, and that the Warrants so issued or allotted shall give rise (on conversion/ exercise of right) to not more than 26, 32,588 (Twenty Six lakhs Thirty Two Thousand Five Hundred Eighty Eight) Equity Shares of Rs. 2/- each fully paid-up. If the entitlement against the warrants to apply for the equity shares is not exercised within the specified period of 18 months, such entitlement shall lapse and the amount paid on allotment of such warrants shall stand forfeited pro-rata. The proposed allottees have given a letter to apply for the allotment of warrants when they are issued.

The shares to be issued shall be subject to the lock in period as set out in the Regulations. However, the locked in equity shares may be transferred to and amongst the Promoter and Promoter group subject to conditions of lock-in in the hands of transferees for the remaining period and after complying with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as may be applicable.

Disclosures pursuant to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009:

i. Object of Issue:

The funds raised through the proposed issue of equity share Warrants shall be used for meeting Company's long term working capital requirements, capital expenditure for expansion and modernization activities and other corporate purposes, as may be required from time to time.

ii. Intention of the Promoter and Promoter Group to subscribe to the issue:

Promoter and Promoter Group intends to subscribe upto 26, 32,588 (Twenty Six lakhs Thirty Two Thousand Five Hundred Eighty Eight) Equity Share Warrants. The names of the Promoter and Promoter Group and the number of warrants agreed to be subscribed by them are provided in the resolution.

**iii. Pre and Post Shareholding Pattern:**

The shareholding pattern of the Company, before and after the preferential issue assuming allotment of equity shares upon full conversion of all the Warrants, shall be as under:

Category	Pre-Issue Shareholding Pattern*		Shareholding Pattern post conversion of Warrants*	
A. Promoter and Promoter Group	2,58,12,761	49.03	2,84,45,349	51.45
B. Public Shareholding				
Financial Institutions/Bank/Mutual Funds	57,963	0.12	57,963	0.10
Foreign Institutional Investors	2,400	-	2,400	-
Bodies Corporate	1,07,96,606	20.50	1,07,96,606	19.53
Resident Individuals	1,45,53,567	27.64	1,45,53,567	26.33
Clearing Member	19,364	0.04	19,364	0.04
NRI	14,08,232	2.67	14,08,232	2.55
Trusts	863	-	863	-
Shares underlying GDRs	-	-	-	-
Total	5,26,51,756	100	5,52,84,344	100

* Based on the beneficiary positions in the shares of the Company as of 23th August, 2013, as provided by the Depositories. Post-Issue Shareholding Pattern may change due to change in the beneficiary position.

iv. Proposed time within which the allotment shall be completed:

As required under the SEBI Regulations, the allotment of warrants shall be completed within 15 days of the date of passing of the above resolution. Provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or Central Government, the allotment would be completed within 15 days from the date of such approval.

v. Identity of the Allottees:

Name of the proposed allottees	Pre-Issue Equity Shareholding		Post-Issue Equity Shareholding	
	No. of Shares	% of holding	No. of Shares	% of holding
Asian Distributors Private Limited	98,828	0.19	14,15,122	2.56
Birla Bombay Private Limited	3,14,105	0.60	16,30,399	2.95

The aforesaid proposed allottees belong to promoter and Promoter Group. The issue of equity shares as aforesaid will not result in any change in the Management/Control of the Company.

vi. Lock-in-requirements:

In terms of the SEBI Regulations for Preferential Issues, the Equity Shares allotted on exercise of the option of conversion of the Warrants proposed to be allotted to the Promoter and Promoter Group shall be locked-in for a period of three years from the date of their allotment or such other period as prescribed in the SEBI Regulations, provided that in any case, not more than 20% of the total capital of the Company, including capital brought in by way of preferential issue, shall be subject to lock-in of three years from the date of allotment.

Further, the entire pre-preferential allotment shareholding of the proposed allottees, shall also be under lock-in from the relevant date upto a period of six months from the date of preferential allotment.

vii. Other terms of Issue of Warrants

1. The proposed allottee of the Warrants shall on or before the date of allotment of Warrants, pay an amount equivalent to at least 25% of the total consideration per Warrant.
2. The holder(s) of each Warrant will be entitled to apply for and obtain allotment of one equity share against such Warrant at any time after the date of allotment of warrants but on or before the expiry of 18 months from the date of allotment of

warrants, in one or more tranches. At the time of exercise of entitlement, the Warrant holder shall pay the balance of the consideration towards the subscription to each equity share.

3. If the entitlement against the Warrants to apply for equity shares is not exercised within the aforesaid period, the entitlement of the Warrant holders to apply for the equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such Warrants shall stand forfeited.
4. Upon receipt of the requisite payment as above, the Board (or a Committee thereof) shall allot one equity share against each Warrant by appropriating Rs.2/- per equity share towards equity share capital and the balance amount paid against each Warrant towards the securities premium amount.
5. The Warrant by itself till converted into equity shares, does not give to the holder(s) thereof any rights of shareholder of the Company.
6. The equity shares issued as above shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing fully paid up equity shares of the Company.

The allotment of Warrants does not require making of a public offer in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The aforesaid allottee(s) shall be required to comply with the relevant provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable, consequent to the allotment of shares on conversion of Warrants as proposed above.

In view of the above, it is proposed to issue upto 26,32,588 (Twenty Six lakhs Thirty Two Thousand Five Hundred Eighty Eight) number of Warrants (convertible into equivalent number of equity shares of Rs. 2/- each fully paid-up) to the Promoter and Promoter Group, on a preferential basis, at a price including premium determined in accordance with the criteria given under the SEBI Regulations.

A copy of the certificate from the Statutory Auditors of the Company, M/s. Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, certifying that the issue of the Warrants is being made in accordance with the requirements of SEBI Regulations for Preferential Issues, will be available for inspection at the Registered Office of the Company situated at B-15/4, M.I.D.C., Waluj, Aurangabad - 431 133, during the office hours on all working days (except Saturdays) between 11.00 a.m. and 1.00 p.m. upto 27th September, 2013.

The consent of the Shareholders is being sought pursuant to the provisions of Section 81 (IA) and other applicable provisions of the Companies Act, 1956, if any, and in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges in India where the Company's shares are listed.

The Board recommends the resolution for your approval. None of the Directors, except Smt Avanti Birla, are interested in the said resolution.

By Order of the Board of Directors

Place: Mumbai
Date: 3rd September, 2013

M. S. Arora
Managing Director

Registered Office:
B-15/4, M.I.D.C., Waluj,
Aurangabad – 431 133