

Birla Precision Technologies Limited

(Formerly Birla Kennametal Limited)

ISO 9001 : 2000 &
ISO 14001 : 2004
CERTIFIED

Birla Precision

Machining Center Tooling



BPT
BIRLA
PRECISION

22nd ANNUAL REPORT
2008-09



THE YASH BIRLA GROUP

COMPANY INFORMATION

- BOARD OF DIRECTORS** : Shri Yashovardhan Birla - Chairman
Shri M. S. Arora - Managing Director
Shri P. V. R. Murthy
Dr. W. R. Correa
Shri Shailesh Sheth
Shri M. S. Adige
Shri A. P. Kurias
- VICE PRESIDENT** : Shri Anil Choudhari
- COMPANY SECRETARY** : Shri Manish Parikh
- AUDITORS** : Dalal & Shah
Chartered Accountants
252, Veer Sawarkar Marg,
2nd Floor, Shivaji Park,
Dadar (W), Mumbai - 400 028
- BANKERS** : ICICI Bank Limited
Bank of Maharashtra
- REGISTERED OFFICE
& FACTORY** : B-15/4, M.I.D.C. Industrial Area
Waluj, Aurangabad - 431 133 (M.S.)
- REGISTRAR & SHARE
TRANSFER AGENTS** : M/s. Kavy Computershare Pvt. Ltd.
17-24, Vittalrao Nagar, Madhapur,
Hyderabad - 500 081 (A.P.)

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22nd Annual General Meeting
Wednesday, 30th September, 2009
at 3.30 p.m.
at Registered Office of the Company at
B-15/4, M.I.D.C., Waluj,
Aurangabad - 431 133 (M.S.)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 22ND ANNUAL GENERAL MEETING OF BIRLA PRECISION TECHNOLOGIES LIMITED will be held on Wednesday, 30th September, 2009 at 3.30 p.m., at the Registered Office of the Company at B-15/4, M.I.D.C., Waluj, Aurangabad - 431 133 to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as at that date together with the Report of Directors and the Auditors thereon.
2. To declare a dividend on Equity Shares for the year ended 31st March, 2009.
3. To appoint a Director in place of Shri P.V.R. Murthy who retires by rotation and is eligible 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** Dr. W.R. Correa, a Director who retires at this meeting by rotation and does not wish to be re-appointed, is therefore not reappointed and the resulting vacancy be not filled up.”
5. To appoint M/s. Dalal and Shah, Chartered Accountants, retiring Auditors as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS**6. Appointment of Shri M.S. Arora as a Director**

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

“**RESOLVED THAT** Shri M.S. Arora who was appointed by the Board of Directors as an Additional Director of the Company with effect from 22nd October, 2008 and who holds office upto the date of the forthcoming Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company.”

7. Appointment of Shri M.S. Arora as a Managing Director

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

“**RESOLVED THAT** in accordance with the provisions of Section 2(26), 269, 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), and subject to such other approval if and as may be required, including from Central Government, Shri M.S. Arora, who is already a Managing Director of Zenith Birla (India) Limited, be and is hereby appointed as a Managing Director of the Company for a period of five years commencing from 30th July, 2009, without any remuneration.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as it may consider necessary or expedient for giving effect to the aforesaid resolution.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors or any of the Directors of the Company to give effect to the aforesaid resolution.”

8. Appointment of Shri A.P. Kurias as a Director

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

"RESOLVED THAT Shri A.P. Kurias who was appointed by the Board of Directors as an Additional Director of the Company with effect from 30th July, 2009 and who holds office upto the date of the forthcoming Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."

By Order of the Board of Directors

Place: Mumbai

Date : 27th August, 2009

Manish Parikh
Company Secretary

NOTES

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the businesses under Item Nos. 4, 6, 7 and 8 set out above are annexed hereto.
2. 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. The Proxy 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 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. The Register of Members and Share Transfer Books of the Company will be closed from Friday, 25th September, 2009 to Wednesday, 30th September, 2009 (both days inclusive).
The dividend on equity shares for the year ended 31st March, 2009, if declared at this meeting, will be paid:
(i) in respect of shares held in electronic form, on the basis of beneficial ownership, at the close of business hours on Thursday, 24th September, 2009 as per the details furnished by depositories, and;
(ii) to those members, holding shares in physical form, whose name appear in the Register of Members of the Company on Wednesday, 30th September, 2009.
4. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrant, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrars and Share Transfer Agents.
5. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS, mandates, nominations, power of attorney, change of address/name, etc. to their Depository Participant only and not the Company's Registrars and Share Transfer Agents. Changes intimated to Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrars and Share Transfer Agents to provide efficient and better service to the Members.
6. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.

By Order of the Board of Directors

Place: Mumbai

Date : 27th August, 2009

Manish Parikh
Company Secretary

EXPLANATORY STATEMENT

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 Nos. 4, 6, 7 & 8 of the accompanying Notice:

Item No. 4

Dr. W.R. Correa will be retiring by rotation at this Annual General Meeting. He has informed the Company expressing his inability to continue as a Director due to personal reasons and has decided not to seek re-appointment.

It is recommended that his request be accepted by Members and that the resulting vacancy be not filled up.

None of the Directors, except Dr. W.R. Correa, is concerned or interested in the said resolution.

Item No. 6

The Board of Directors of the Company appointed Shri M.S. Arora as an Additional Director of the Company with effect from 22nd October, 2008, pursuant to Section 260 of the Act and Article 136 of the Articles of Association of the Company. Under Section 260 of the Act, Shri M.S. Arora ceases to hold office at this Annual General Meeting but is eligible for appointment as Director. Notice under Section 257 of the Act has been received from a Member signifying his intention to propose appointment of Shri M.S. Arora as a Director.

The Board accordingly recommends the Resolution at Item No. 6 for approval by the Members.

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

Item No. 7

At the meeting of the Board of Directors held on 30th July, 2009, Shri M.S. Arora was appointed as a Managing Director of the Company for a period of five years w.e.f. 30th July, 2009, without any remuneration, subject to the approval of members of the Company in the ensuing Annual General Meeting.

Shri M.S. Arora, aged 47 years, is a BE (Mechanical) from REC, Bhopal by academic qualification. In more than two decades of experience in the field of Operations, Marketing, Export and General Management, he has worked in Companies like Welspun Gujarat Stahl Rohren Ltd., PSL Ltd., Voltas Limited and Man Industries Limited. Shri M.S. Arora is also a Managing Director of Zenith Birla (India) Limited, a group Company of The Yash Birla Group. Board of Directors is of the view that his expert knowledge and vision will help the Company to flourish its business.

Draft of the agreement between the Company and Shri M.S. Arora is available at the Registered Office of the Company and is open for inspection by members during office hours.

The Board accordingly recommends the Resolution at Item No. 7 for approval by the Members.

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

Item No. 8

The Board of Directors of the Company appointed Shri A.P. Kurias as an Additional Director of the Company with effect from 30th July, 2009 pursuant to Section 260 of the Act and Article 136 of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956, Shri A. P. Kurias ceases to hold office at this Annual General Meeting but is eligible for appointment as a Director. Notice under Section 257 of the Act has been received from a Member signifying his intention to propose the appointment of Shri A.P. Kurias as a Director.

The Board accordingly recommends the Resolution at Item No. 8 for approval by the Members.

None of the Directors except Shri A.P. Kurias is concerned or interested in the said resolution.

By Order of the Board of Directors

Place: Mumbai
Date : 27th August, 2009

Manish Parikh
Company Secretary

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

To the Members,

Your Directors are pleased to present the Twenty Second Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS:

Particulars	2008-09 (Rs.in '000)	2007-08 (Rs.in '000)
Net sales including other Income	273437	315361
Profit before Interest, Depreciation and Tax	46460	84679
Less: Interest	<u>8647</u>	<u>3414</u>
Profit before Depreciation and Taxation	37813	81265
Less: Depreciation	<u>28369</u>	<u>19513</u>
Profit before taxation	9444	61752
Less: Provision for taxation	<u>3806</u>	<u>8419</u>
Net profit after taxation	5638	53333
Add/(Less) Prior period adjustments	<u>(27)</u>	<u>(10)</u>
Profit for the year	5611	53323
Add: Balance brought forward from previous year	<u>124194</u>	<u>82661</u>
Total Profit available for appropriation	129805	135984
Appropriation:		
Transferred to General Reserve	942	6174
Proposed Dividend	1600	4800
Tax on Dividend	<u>272</u>	<u>816</u>
Balance carried to Balance Sheet	126991	124194

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 0.10 per share for the year ended 31st March, 2009 on the equity share capital of Rs. 3.20 crores.

PERFORMANCE REVIEW

The Sales and Other Income of the Company for the financial year 2008-09 stood at Rs. 2734.37 lacs as against last year's Rs. 3153.61 lacs, registering a decline of 13.29% over last year. Profit after tax decreased to Rs. 56.11 lacs as against Rs. 533.23 lacs of last year.

The global slowdown has adversely affected the financial performance of the Company. The Company's products are mainly supplied to automobile & engineering companies majority of which are located in USA through Kennametal Inc, U.S.A. Moreover, our product being Machine Tool Accessory is a capital item. The global slowdown has badly affected the procurement of capital items by the automobile and allied sectors thereby affecting the Companies engaged in supplying such capital items to automobile and allied sectors.

NEW PROJECT

Your Company has started a new project for manufacturing/machining of auto and precision components at Aurangabad. An investment of approx. Rs. 6 crores has already been made for the same in the Financial Year 2008-09.

PROPOSED MERGER OF INDIAN TOOL MANUFACTURERS (A DIVISION OF ZENITH BIRLA (INDIA) LIMITED) WITH THE COMPANY

Your Company is engaged in the business of manufacturing of a wide range of precision AT3 Class tool holders, HSK tooling, Expanding Mandrels and Sleeves besides advanced products like hydro grip and shrink fit CNC tooling. Indian Tool Manufacturers (a division of Zenith Birla (India) Limited) is a pioneer in manufacture and supply of high speed steel cutting tools. With a view to realign the auto /engineering businesses, The Yash Birla Group has taken a policy decision to merge Indian Tool Manufacturers with the Company.

The Board of Directors at its meeting held on 22nd October, 2008 has approved the Scheme of Arrangement ("Scheme") under Section 391 to 394 of the Companies Act, 1956, interalia, providing for merger of Indian Tool Manufacturers with the Company.

'In-principal' approval to the Scheme has been received from Bombay Stock Exchange Limited. The Scheme has also been approved in the Court Convened Meeting by the members of the Company. Pending approval of the Scheme from the Hon'ble High Court of Judicature at Bombay, as well as completion of other necessary formalities in this regard, the Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date do not reflect the adjustments and effects arising from the Scheme as envisaged, which would be considered as and when the Scheme is approved and implemented.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Company has taken effective steps at every stage to reduce energy consumption and conserve energy in all phases of operation.

Your Company has been continuously upgrading facilities in order to minimize power consumption, maximizing on power factors at its manufacturing location.

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed as Annexure 'A'.

INSURANCE

All properties and insurable interests of the Company including Building and Plant & Machinery have been adequately insured.

PARTICULARS OF EMPLOYEES

During the year under review, there was no employee covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

PUBLIC DEPOSIT

Your Company has not accepted any fixed deposit from the public. As such, no amount of principal or interest is outstanding as on the Balance Sheet date.

DIRECTORS RESPONSIBILITY STATEMENT

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statement for the period under review. Pursuant to Section 217(2AA) of the Companies Act, 1956, and in respect of the annual accounts for the period under review, the Directors hereby confirm that:

- I) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- II) Appropriate accounting policies have been selected and applied consistently and made judgements 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 profit or loss of the Company for that period;
- III) Proper and sufficient care for 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 have been taken to the best of their knowledge and ability;
- IV) The annual accounts have been prepared on a "going concern basis".

DIRECTORS

Shri M.S. Arora was appointed as an Additional Director of the Company w.e.f. 22nd October, 2008. At the meeting of the Board of Directors held on 30th July, 2009, Shri M.S. Arora was appointed as a Managing Director of the Company, subject to the approval of members of the Company in the ensuing Annual General Meeting.

The Board of your Company has been further strengthened by the induction of Shri A.P. Kurias, who was appointed as an Additional Director on 30th July, 2009.

As per the provisions of Section 260 of the Companies Act 1956, these directors hold office only upto the date of forthcoming Annual General Meeting of the Company. The Company has received notices proposing Shri M.S. Arora and Shri A.P. Kurias as candidates for the office of Director pursuant to Section 257 of the Companies Act, 1956.

Shri P.V.R. Murthy, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Dr. W.R. Correa, Director of the Company, who retires by rotation at the ensuing Annual General Meeting, has informed the Company expressing his inability to continue as a Director due to personal reasons and has decided not to seek re-appointment.

AUDITORS & AUDITORS' REPORT

M/s. Dalal & Shah, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting. They have confirmed that their re-appointment, if made, will be in accordance with the provisions of sub-section (1B) of Section 224 of the Companies Act, 1956. The notes referred to by the Auditors in their report are self explanatory and hence do not require any explanation.

MANAGEMENT DISCUSSION & ANALYSIS REPORT AND CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis, Corporate Governance Report and Auditors' certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

HUMAN RESOURCE & INDUSTRIAL RELATIONS

Industrial relations were harmonious throughout the year. The Board wishes to place on record their sincere appreciation to the co-operation extended by all employees in maintaining cordial relations.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all investors, clients, vendors, banks, regulatory and Government authorities and stock exchange for their continued support. The Directors also wish to place on record their appreciation for the contribution made by business partners / associates at all levels.

By Order of the Board of Directors

Place: Mumbai
Date : 27th August, 2009

M. S. Arora
Managing Director

ANNEXURE – ‘A’ TO THE DIRECTORS’ REPORT

A. **Conservation of Energy** : not specified for our Industry but various programs undertaken during the year contributed to conservation of energy.

B. **Technology absorption** : Research & Development.

1. **Specific Areas in which R & D carried out by the Company:**

Development of Hydraulic chucks, HSK 100, shrink fit holder was undertaken during the year.

2. **Benefit derived as a result of the above R & D :**

Meet market demand of new generation tooling, which are import substitute items and export products to overseas countries.

3. **Future Plan of action:**

Future development of products such as Hydraulic Sleeves, ER collets of different sizes, HSK50 being taken up.

4. **Expenditure on R & D :**

- a) Capital)
- b) Recurring) Not Quantified.
- c) Total)
- d) Total R & D Expenditure as a)
- Percentage of total turnover)

5. **Technology Absorption, Adaptation and innovation:**

Process of Technology transfer continued in the areas mentioned above.

C. **Foreign Exchange Earning and Outgo:**

1. **Activities relating to export, initiatives taken to increase exports:**

Company exports AT3 Class Tool holders to U.S.A., Europe & Asia Pacific Countries. The Product quality is well accepted worldwide.

2. **Total foreign exchange used and earned:**

	2008-09	2007-08
	(Rs. in 000)	(Rs. in 000)
Total Foreign Exchange used	99038	75175
Total Foreign Exchange earned	232603	280428

By Order of the Board of Directors

Place: Mumbai
Date : 27th August, 2009

M. S. Arora
Managing Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

ECONOMY AND MARKET TRENDS

Global Economy

The global economy has been in a severe recession caused by massive financial crisis and acute loss of confidence. According to the April 2009 forecast of the International Monetary Fund, during 2009, global GDP is projected to contract to (1.3) per cent compared to a growth of 3.2 percent in 2008 and 5.2 percent in 2007.

The resultant lack of liquidity in the market, resulted in the drying up of consumer credit and working capital, leading to an unprecedented reduction in demand and the consequent inability of companies to finance their operations. This led to a domino-effect downward spiral in various industrial sectors like construction, automobiles, consumer products and capital goods. The effects of this downturn were initially felt in the industrialised nations but spread quickly to most other countries around the world.

Indian Economy

Indian economy, too, witnessed slowdown with almost all the sectors registering a decelerating or negative growth. According to the Central Statistical Organization, the Real GDP growth rate estimated for 2008-09 has gone down significantly to 7.1 per cent from 9.0 per cent in the previous year.

Machine Tool Industry

Your Company is engaged in the business of manufacturing of wide range of precision AT3 Class tool holders, HSK tooling, Expanding Mandrels and Sleeves besides advanced products like hydro grip and shrink fit CNC tooling. These products are capital items and the global slowdown has badly affected the procurement of capital items by the automobile and allied sectors thereby affecting the Companies engaged in supplying such capital items to automobile and allied sectors.

The effect of global slowdown was more in developed countries like U.S.A. as compared to developing countries. As the Company's products are mainly supplied to automobile & engineering companies, majority of which are located in USA through Kennametal Inc, U.S.A., the financial performance of your Company was adversely affected during the Financial Year 2008-09.

OPPORTUNITIES AND OUTLOOK

The Company has diversified into the business of manufacturing/machining of auto and other components. An approximate investment of Rs. 6 crore has already been made for the same in the Financial Year 2008-09.

As already mentioned in the Directors Report, the Board of Directors at its meeting held on 22nd October, 2008 has approved the Scheme of Arrangement ("Scheme") under Section 391 to 394 of the Companies Act, 1956, inter alia, providing for merger of Indian Tool Manufacturers (a division of Zenith Birla (India) Limited) with the Company. The said Scheme is pending for the approval of Hon'ble High Court of Judicature at Bombay.

Indian Tool Manufacturers is a pioneer in manufacture and supply of high speed steel cutting tools. Once the said Scheme is implemented, the large asset base and financial strength of the merged entity will result in maximizing overall shareholders value. The synergies that exist between the two entities in terms of products and resources can be put to the best advantage. Further, it will also enable the Company to undertake larger projects in tooling sector, thereby contributing to enhancement of future business potential.

THREATS / RISKS & CONCERNS

The major risks and concerns attributed to the performance of the Company are:

1. The Company is exposed to risks from market fluctuation of foreign exchange. During the year under review, the financial performance of the Company was affected due to foreign exchange loss in foreign currency term loan.

2. Profitability may be affected on account of competition from existing manufacturers of the Company's products. Increase of competition in unorganized sector is also a cause of concern.
3. Increase in raw material costs, change in tax structure, change in government policies, development and stability of Indian economy against the negative external and internal forces may also impact the overall performance of the Company.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The Company operates in only one reportable segment viz the Production activity representing manufacture of Machine Tool Accessories.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has placed considerable emphasis and efforts on internal control systems. The internal control system ensures optimum use of the resources and its protection. The Company has an internal audit system, which carries out independent periodic reviews. The prime objective of such audit is to evaluate the functioning and quality of internal controls and provide assurance of its adequacy and effectiveness. The scope of internal audit covers a wide variety of operational and financial matters and includes a follow-up review of corrective actions agreed for implementation.

The adequacy of the internal control system as well as the internal audit report is reviewed by the Audit Committee of the Board of Directors. The adequacy of the internal control system has also been reported by the Statutory Auditors of the Company in their report as required under the Manufacturing & Other Companies (Auditors Report) Order, 2003.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

Your Company continues to lay emphasis on qualitative growth of its human resources by providing congenial and constructive work environment, in consonance with its strong belief that the real strength of its organization lies in its employees. In addition to this, formal training is also conducted from time to time in acquiring domain knowledge and imbibing the corporate quality culture. The Company has in its direct employment, 217 employees and enjoyed harmonious relations with them throughout the year.

None of the Senior Management Personnel have any material financial and commercial transaction where they have personal interest that may have potential conflict with the interest of the Company at large.

FINANCIAL HIGHLIGHTS

Net sales and other income for the financial year 2008-09 was Rs. 2734.37 Lacs as against last year's Rs. 3153.61 lacs. The Profit after Tax for the financial year 2008-09 stood at Rs. 56.11 lacs as against Rs. 533.23 lacs of last year.

Cautionary Statement

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. However actual results may differ materially from those expressed or implied. The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes to remain committed to good Corporate Governance by attaining highest levels of transparency, accountability and integrity to all its Shareholders, Customers, Employees, the Government and other business associates. Your Company's policies are targeted to ensure that high standard of ethical conduct is met throughout the Organization.

II. BOARD OF DIRECTORS

- a) The Company's Board of Directors comprises of 7 Directors, 4 of them are Independent Directors, 2 are Non-Executive Non-Independent and 1 is Executive Director. The Board Composition is as under:

Name of Director	Category
Shri Yashovardhan Birla	Chairman (Non- Executive)
Shri M. S. Arora	Managing Director
Shri P.V.R. Murthy	Non-Executive
Dr. W.R. Correa	Non-Executive, Independent
Shri Shailesh Sheth	Non-Executive, Independent
Shri M. S. Adige	Non-Executive, Independent
Shri A.P. Kurias	Non-Executive, Independent

Notes:

- Shri M.S. Arora was appointed as an Additional Director w.e.f. 22nd October 2008 and as Managing Director (subject to approval of members of the Company) w.e.f. 30th July, 2009.
 - Shri A. P. Kurias was appointed as an Additional Director w.e.f. 30th July, 2009.
- b) Five Board meetings were held during the period 1st April 2008 to 31st March 2009 on the dates mentioned below: 08.05.2008, 04.07.2008, 31.07.2008, 22.10.2008 and 28.01.2009.
- c) The following table gives details of participation of the directors of the Company during the financial year ended 31st March, 2009 in Board meetings and last AGM of the Company and interests of these directors as on 31st March, 2009:

Name of the Director	No. of Board Meetings Attended	Attendance at the last AGM	No. of Directorship in other Public Ltd. Companies \$	No. of Membership of other Board Committees *
Shri Yashovardhan Birla	5	No	8	1 (as Chairman)
Shri M. S. Arora	2	N.A.	1	1
Shri P. V. R. Murthy	4	No	7	4 (1 as Chairman)
Dr. W. R. Correa	3	No	Nil	Nil
Shri Shailesh Sheth	5	No	3	2
Shri M. S. Adige	5	Yes	3	2
Shri Praveen Gupta#	2	N.A.	N.A.	N.A.
Shri Arun Jain##	Nil	N.A.	N.A.	N.A.

Notes:

- * Includes only Audit Committee and Shareholder's/Investors Grievance Committee of Public Limited Companies
- \$ Excludes Foreign Companies, Private Companies and Alternate Directorships
- # Ceased to be director w.e.f. 18th September, 2008
- ## Resigned w.e.f. 8th May, 2008

Shri A.P. Kurias was appointed as an Additional Director w.e.f. 30th July, 2009, hence his details do not appear above.

Shri Yashovardhan Birla holds 3800 shares of the Company and Dr. W.R. Correa holds 500 shares of the Company.

- d) The Board meets at least 4 times in a year and the gap between two Board Meetings did not exceed four months as mandated in Clause 49 of the listing agreement. The dates of Board Meetings were generally decided in advance.
- e) Key information as mentioned in annexure 1A to clause 49 of the listing agreement were placed before the Board of Directors for their consideration.

Brief notes on the background and the functional expertise of the Directors proposed for appointment and re-appointment are furnished below, along with details of Companies in which they are Directors and the Board Committees of which they are members:

Shri M.S. Arora, aged 47 years, is a BE (Mechanical) from REC, Bhopal by academic qualification. In more than two decades of experience in the field of Operations, Marketing, Export and General Management, he has worked in Companies like Welspun Gujarat Stahl Rohren Ltd., PSL Limited and Voltas Limited. Before joining The Yash Birla Group, he was working with Man Industries Limited as a Chief Operating Officer.

Details of his other directorship in Public Limited Companies and committee membership are as under:

Directorship	Committee Membership
Zenith Birla (India) Limited (Managing Director)	Shareholders/Investors Grievance Committee
Zenith Middle East FZE	--

Shri P.V.R. Murthy is a Chartered Accountant and MBA by academic qualification. He has almost 31 years of experience in the finance sector. He has worked as a part of the Top Management with various companies over a span of 16 years in the capacity of Managing Director, Director, CEO and Advisor prior to joining The Yash Birla Group of Companies. At Yash Birla Group, he is looking after Financial Resource Management, Business restructuring, Disinvestments, Merger & Acquisitions, MIS, Management, Internal and Statutory audit, Integrated ERP systems, etc.

Details of his other directorship in Public Limited Companies and committee membership are as under:

Directorship	Committee Membership
Birla Cotsyn (India) Limited	Audit Committee Shareholders/Investors Grievance Committee (Chairman) Remuneration Committee
Birla Power Solutions Limited	Audit Committee Shareholders/Investors Grievance Committee Remuneration Committee
Melstar Information Technologies Limited*	Audit Committee Shareholders/Investors Grievance Committee
Zenith Birla (India) Limited**	--
Khamgaon Syntex Limited	--
Sanguine Media Limited	--
Birla Cement & Industries Limited	--
Birla Edutech Limited	--
Birla Surya Limited	--

* Appointed as an Additional Director w.e.f. 22nd April, 2009

** Appointed as an Additional Director w.e.f. 27th July, 2009

Shri A. P. Kurias, is having more than 41 years experience including as Chief General Manager and Principal, CAB and Vice Principal, Bankers Training College, Reserve Bank of India and also as a Director in Public Sector Banks & Financial Institutions. He has also worked on the panel of consultants to World Bank.

Details of his other directorship in Public Limited Companies and committee membership are as under:

Directorship	Committee Membership
Zenith Birla (India) Limited	Audit Committee (Chairman) Shareholders/Investors Grievance Committee (Chairman) Remuneration Committee (Chairman)

III. BOARD COMMITTEES

Audit Committee

The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchange, read with Section 292A of the Companies Act, 1956 and includes such other functions as may be assigned to it by the Board from time to time.

Composition of the Audit Committee:

- Dr. W. R. Correa - Chairman
- Shri P. V. R. Murthy - Member
- Shri Shailesh Sheth - Member
- Shri M. S. Adige - Member
- Shri A.P. Kurias# - Member

Appointed w.e.f. 30th July, 2009

The Company Secretary acts as the secretary to the Committee.

During the year under review, four meetings of the Audit Committee were held, the dates being 08.05.2008, 31.07.2008, 22.10.2008 and 28.01.2009.

The attendance of the members at the Audit Committee Meetings held during the year 2008-09 are as below:

Name of Director	Number of Meetings Attended
Dr. W. R. Correa	2
Shri P.V.R. Murthy	2
Shri Shailesh Sheth	4
Shri M. S. Adige	3

Managing Director, Vice President, General Manager-F&A, Internal Auditor and the Statutory Auditor are invitees to the meeting.

Remuneration Committee

Composition of Remuneration Committee:

- Shri M. S. Adige - Chairman
- Shri Yashovardhan Birla - Member
- Shri P. V. R. Murthy - Member

The broad terms of reference of Remuneration Committee are to determine and recommend to the Board, compensation payable to Directors and Managerial personnel. Non-Executive Directors

were paid sitting fees @ Rs. 7000/- per meeting for attending the meetings of the Board of Directors (Rs. 3000/- for the meeting held on 08.05.2008) and Rs. 3000/- for attending the Committee meetings. No Remuneration Committee meeting was held during the year.

Details of sitting fees paid to Non-Executive Directors for attending the meetings of Board and its committees during the year under review are as under:

Name of member	Sitting Fees (in Rs.)
Shri Yashovardhan Birla	28000
Shri M. S. Arora	14000
Shri P. V. R. Murthy	27000
Dr. W. R. Correa	29000
Shri Shailesh Sheth	46000
Shri M. S. Adige	43000
Shri Praveen Gupta*	7000
Shri Arun Jain**	--

*Ceased to be a director w.e.f. 18th September, 2008

** Resigned w.e.f. 8th May, 2008

Shareholders'/ Investors Grievance Committee

Composition of Shareholders/Investors Grievance Committee:

- Shri M. S. Adige - Chairman
 Dr. W.R. Correa - Member

Shri Manish Parikh, Company Secretary is the Compliance Officer. During the year under review, one meeting of the Shareholder's/Investors Grievance Committee was held on 31st March, 2009. The Company received thirteen complaints during the year 2008-09 and all the complaints were redressed. There was no outstanding complaint as on 31st March, 2009.

IV. GENERAL BODY MEETINGS

The details of the last 3 Annual General Meetings held:

Date	Venue	Time
25.07.2006	At registered Office : B-15/4, M.I.D.C., Waluj, Aurangabad- 431 133	3.30 p.m.
27.09.2007	At registered Office : B-15/4, M.I.D.C., Waluj, Aurangabad- 431 133	3.30 p.m.
18.09.2008	At registered Office : B-15/4, M.I.D.C., Waluj, Aurangabad- 431 133	3.30 p.m.

Details of Special Resolutions passed in last three Annual General Meetings:

No special resolutions were passed in the AGM held on 25.07.2006

AGM dated 27.09.2007

1. Sub-division of shares.
2. Change of name of the Company.
3. Alteration of Articles of Association of the Company.
4. Increase in Authorised Share Capital and consequent change in Memorandum of Association of the Company.
5. Amendment in Capital Clause of Articles of Association of the Company.
6. Increase in Borrowing Powers.
7. Creation of Mortgage, charge.
8. Delisting of shares of the Company from Ahmedabad Stock Exchange.

AGM dated 18.09.2008

1. Raising of Funds through Further Issue of Securities.
2. Increase in limits for FII investment.

During the year ended 31st March, 2009, following resolutions were passed through postal ballot:

S. No.	Details	Voting pattern
1.	Amendment in Object Clause of the Memorandum of Association of the Company	Passed with 99.99% majority
2.	Commencement of New Objects	Passed with 99.99% majority

Shri Rakesh Kapur, Practicing Company Secretary, was appointed as scrutinizer to conduct the postal ballot exercise. No special resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

V. SUBSIDIARY COMPANY

The Company does not have any subsidiary company.

VI. CODE OF CONDUCT

The Company has laid down a code of conduct for all board members and senior management personnel of the Company. The code of conduct is available on the website of the Company. The declaration of Managing Director is given below:

To the Shareholders of Birla Precision Technologies Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the board members and senior management personnel have affirmed with the Code of Conduct as adopted by the Board of Directors.

Mumbai, 27th August 2009

M.S. Arora
Managing Director

VII. The Board of Directors has received the certificate issued by the Managing Director and General Manager-F&A, in their capacity as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively of the Company as envisaged in Clause 49 (V) of the Listing Agreement.

VIII. DISCLOSURES

The Company does not have any related party transactions, which may have potential conflict with its interest at large. The Company has complied with the requirements of the regulatory authorities on capital markets and no penalties/strictures have been imposed against it in last three years.

IX. MEANS OF COMMUNICATION

Quarterly Results

The Company publishes its quarterly and yearly financial results in Free Press Journal (English) and Navshakti (Marathi) newspapers. The results are also displayed on the Company's website: www.birlaprecision.in

X. GENERAL SHAREHOLDER'S INFORMATION

Date, time and venue of the Annual General Meeting:

30th September, 2009 at 3.30 pm at the Registered Office at B-15/4, M.I.D.C., Waluj, Aurangabad-431 133

Financial calendar (tentative)

First Quarter results	30 th July, 2009 (Actual)
Second Quarter results	3 rd /4 th week of October, 2009
Third Quarter results	3 rd /4 th week of January, 2010
Audited Results	before 30 th June, 2010

Dates of book closure

25th September, 2009 to 30th September, 2009 (both days inclusive)

Dividend payment date

Within 30 days from the date of Annual General Meeting.

Listing on Stock Exchange

The shares of the Company are listed on the Bombay Stock Exchange Limited. The Company has paid the Annual Listing fee to Bombay Stock Exchange Limited for the financial year 2009-10.

Stock code

Bombay Stock Exchange Limited – 522105

Registered Office & Factory:

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

Registrar and Share Transfer Agents

Work related to both physical & demat Shares is handled by M/s. Karvy Computershare Private Limited at its address given below :-

M/s. Karvy Computershare Private Limited
 Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad -500 081
 Tel: 040-23420815 to 820 Fax No.: 040-23420814
 E-mail : sreedharamurthy@karvy.com, ussingh@karvy.com
 Contract Person : Shri K. Sreedhara Murthy / Shri U.S.Singh

Investor's correspondence may be addressed to above address.

Investors Grievance ID-mailmanager@karvy.com

Share transfer system

The Company's shares being in compulsory demat list, are transferable through the depository system. However, shares in the physical form are processed by the Registrar and Share Transfer Agent and approved by the Share Transfer Committee. Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are complete in all respects.

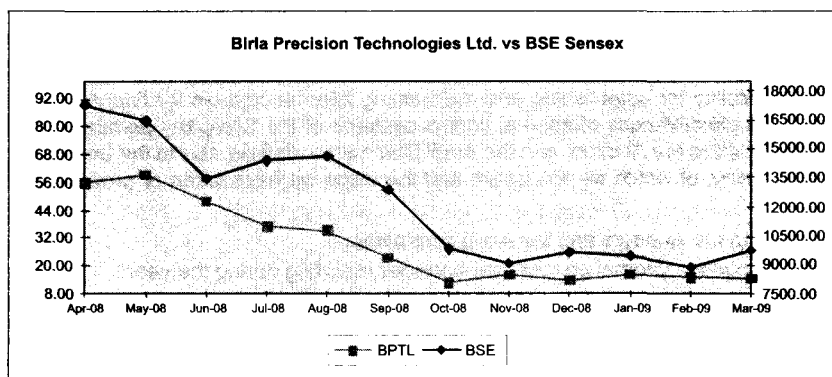
Stock Market price data for the year 2008-09

Monthly high and low of market prices of the Company's equity shares traded at Bombay Stock Exchange Ltd. during the financial year 2008-09 along with BSE Sensex:

Month	Birla Precision Technologies Limited		BSE SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April, 2008	56.00	39.60	17,480.74	15,297.96
May, 2008	82.80	58.00	17,735.70	16,196.02
June, 2008	67.85	45.05	16,632.72	13,405.54
July, 2008	46.00	33.55	15,130.09	12,514.02
August, 2008	43.50	32.25	15,579.78	14,002.43
September, 2008	35.95	24.00	15,107.01	12,153.55
October, 2008	25.20	12.75	13,203.86	7,697.39

Month	Birla Precision Technologies Limited		BSE SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
November, 2008	17.85	12.65	10,945.41	8,316.39
December, 2008	16.20	13.75	10,188.54	8,467.43
January, 2009	17.30	13.60	10,469.72	8,631.60
February, 2009	17.30	14.15	9,724.87	8,619.22
March, 2009	17.00	12.20	10,127.09	8,047.17

Performance of Company's equity shares in comparison to BSE Sensex on the basis of closing values:



Distribution of shareholding

Class-wise distribution of equity shares as on 31st March, 2009

No. of shares	No. of shareholders	No. of shares held	Shareholding %
1 - 500	2248	649713	4.06
501 - 1000	188	170402	1.07
1001 - 2000	89	138107	0.86
2001 - 3000	47	123149	0.77
3001 - 4000	13	46967	0.29
4001 - 5000	13	60385	0.38
5001 - 10000	23	159058	0.99
10001 and above	27	14652219	91.58
Total	2648	16000000	100.00

Shareholding pattern as on 31st March, 2009

S. No.	Category	No. of shares	Percentage
1	Promoters	11999950	75.00
2	Resident Individuals	1820486	11.38
3	Foreign Institutional Investors	1335000	8.34
4	Corporate Bodies	660233	4.13
5	Non Resident Indians	30782	0.19
6	Others	153549	0.96
	Total	16000000	100.00

Dematerialisation of shareholding

The Company's shares are admitted into both the depositories viz National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL) and the ISIN allotted for the equity shares of the Company is INE 372E01025. As on 31st March, 2009, 15199460 No. of Shares representing 95% of the Company's shares are held in demat form in the depositories.

Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Clause 49 of the Listing Agreement

We, M.S. Arora, Managing Director and Suresh R. Karkare, General Manager (F&A), in our capacity as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively of the Company hereby certify that-

- a. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2009 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the Design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify any deficiencies.
- d. We have indicated to the Auditors and the Audit committee:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have been aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Birla Precision Technologies Limited

**Mumbai,
27th August, 2009**

**M.S. Arora
Managing Director**

**Suresh R. Karkare
General Manager (F&A)**

CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE

We have examined the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange of India for the financial year ended on 31st March, 2009.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchange of India, except that the Chairman of the Audit Committee was not present at the last Annual General Meeting.

We further state that such compliance is neither an assurance as to the future viability of the Company nor to the efficiency or effectiveness with which the management has conducted the affairs of the Company

**For and on behalf of
DALAL & SHAH
Chartered Accountants**

**Mumbai
27th August, 2009**

**SHISHIR DALAL
PARTNER
Membership No. 37310**

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of **Birla Precision Technologies Limited**, as at 31st March 2009 and also the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

- (1) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (2) As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 and 5 of the said Order;
- (3) Further to our comments in Annexure referred to in paragraph 2 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the Books of the Company;
 - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) Attention is invited to note 3 of the notes to the accounts. Pending receipt of approval to the Scheme of Arrangement as detailed in the said note, the accounting effects of the Scheme has not been considered in the accounts for the year ended 31st March, 2009.
 - (g) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2009,
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date, and
 - (iii) In the case of the Cash Flow statement, of the cash flows of the company for the year ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Shishir Dalal
Partner
Membership No: 37310

Mumbai
27th August 2009

ANNEXURE TO THE AUDITORS' REPORT**Statement referred to in Paragraph 2 of the Auditors' Report of even date to the Members of BIRLA PRECISION TECHNOLOGIES LIMITED [Formerly known as BIRLA KENNAMETAL LIMITED] on the Accounts for the year ended 31st March, 2009.**

On the basis of the records produced to us for our verification/perusal, such checks as we considered appropriate, and in terms of information and explanations given to us on our enquiries, we state that:

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us and the records produced to us for our verification, discrepancies noticed on such physical verification were not, in our opinion, material and the same have been properly dealt with in the Books of Account;
- (c) As per the information and explanation given to us on our enquiries there were no disposal of assets during the year;
- ii) (a) The inventories have been physically verified by the management at reasonable intervals during the year and at the close of the year;
- (b) The procedures of physical verification of inventories followed by the management as explained to us are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) According to the records produced to us for our verification, the discrepancies noticed on physical verification of inventories referred to above, as compared to book records, though not material, have been properly dealt with in the books of account;
- iii) (a) According to the information and explanations given to us, the Company has not granted any loan secured or unsecured to the Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) According to the information and explanations given to us, the Company has taken unsecured loan from a body corporate listed in the register maintained under Section 301 of the Companies Act, 1956. Maximum amount involved during the year was Rs. 3,52,00,000 and the year end balance outstanding was Rs. 3,52,00,000.
- (c) In our opinion rate of interest and other conditions on which loan has been taken from the party listed in the register maintained under Section 301 of the Companies Act, 1956 is not, prima facie, prejudicial to the interest of the Company.
- (d) In respect of loan taken by the Company, the repayment of principal and interest are regular.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and also for the sale of goods. As per the information given to us, no major weaknesses in the internal controls have been identified by the management or the internal audit department of the company during the year. During the course of our audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the company;
- v) (a) On the basis of the audit procedures performed by us and according to the information and explanations given to us on our enquiries on this behalf and the records produced to us for our verification, the transactions required to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 have been so entered;
- (b) The transactions so entered, aggregating in excess of Rs.500,000/- in respect of each party during the year, have been, in our opinion, as per the information and explanation given to us, made at prices which are reasonable having regard to prevailing market prices as available with the Company for such transactions or prices at which transactions, if any, for similar goods have been made with other parties at the relevant time;
- vi) As explained to us and representation obtained from the management, the Company has not accepted fixed deposit from public therefore compliance of Section 58A & 58AA of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, is at present not applicable;

- vii) On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the Company has an adequate internal audit system commensurate with the size and nature of its business;
- viii) As explained to us and the representation obtained from the management, the Central Government has not prescribed maintenance of cost records for any of the products manufactured by the company under Section 209(1)(d) of the Companies Act 1956;
- ix) (a) According to the records of the Company, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise duty, Cess and other Statutory dues with the appropriate authorities;
- (b) According to the records of the Company and information and explanations given to us upon our enquiries in this regards, disputed dues in respect of Sales Tax, Income-tax, Wealth-tax, Customs Duty and Excise Duty / Cess unpaid as at the last day of the financial year, are Nil.
- x) According to the records examined by us, Company do not have any accumulated losses at the end of the financial year and also the company has not incurred cash losses in this financial year as well as preceding financial year;
- xi) The Company has, in our opinion, and according to the information and explanations given to us has not defaulted in repayment of dues to a financial institution and bank;
- xii) According to the information and explanation given to us, representation obtained from the management, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities;
- xiii) According to the information and explanation given to us, company is not dealing or trading in shares or securities and other investments;
- xiv) According to the Information and explanation given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution;
- xv) As per information and explanations given to us, during the year the company has prima facie applied the term loans for the purposes for which they were obtained;
- xvi) As per the information and explanations given to us and on an overall examination of the financial statements of the company and placing reliance on reasonable assumptions made by the company for classification of long term & short term usages of funds, the working capital funds were used for the purpose as and when needed. Internal generations have been deployed for purchase of fixed assets and partly ploughed back into the business;
- xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956;
- xviii) The Company has not raised any money by way of debentures during the year;
- xix) The Company has not raised any money by public issue, during the year;
- xx) As per the information and explanations given to us on our enquiries on this behalf there were no frauds on or by the company which have been noticed or reported during the year;

In view of the nature of activities being carried on at present by the company and also considering the nature of the matters referred to in the various clauses of the Companies (Auditors' Report) Order, 2003, clause (xiii) of paragraph 4 of the aforesaid Order, is in our opinion, not applicable to the company.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Shishir Dalal
Partner
Membership No: 37310

Mumbai
27th August 2009

BALANCE SHEET AS AT 31ST MARCH 2009

(Rs. In Thousands)

	SCHEDULE	As at 31 st March 09	As at 31 st March 08
I. SOURCES OF FUNDS:			
1. SHAREHOLDERS' FUNDS			
Share capital	1	32000	32000
2. RESERVES AND SURPLUS			
	2	170721	166982
3. LOAN FUNDS			
a) Secured loans	3	132123	66168
b) Unsecured loans	4	43179	9127
4 DEFERRED TAX LIABILITY (NET)		15671	12365
TOTAL		393694	286642
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS:			
a) Gross block	5	356748	252065
Less: Depreciation and impairment loss		143248	114879
Net block		213500	137186
b) Capital work in progress		82762	33041
2. CURRENT ASSETS, LOANS AND ADVANCES			
a) Inventories	6	25132	25766
b) Sundry debtors	7	107201	115637
c) Cash and bank balances	8	7452	11191
d) Loans and advances and other current assets	9	52037	49682
		191822	202276
Less: CURRENT LIABILITIES AND PROVISIONS	10		
a) Current liabilities		71909	48872
b) Provisions		22481	36989
		94390	85861
Net Current Assets		97432	116415
TOTAL		393694	286642

NOTES TO ACCOUNTS

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The schedules referred above form an integral part of the Accounts.

As per our report of even date

 Signatures to Balance Sheet and
 Schedule 1 to 10 and 19

For and on behalf of

DALAL & SHAH
 Chartered Accountants

M.S. Arora
 Managing Director

SHISHIR DALAL
 Partner
 Membership No. 37310

P. V. R. Murthy
Shailesh Sheth
M. S. Adige
A. P. Kurias

 Place : Mumbai
 Date : 27th August 2009

Anil Choudhari
 Vice President

Manish Parikh
 Company Secretary

Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

(Rs. In Thousands)

	SCHEDULE	For the year ended 31 st March 09	For the year ended 31 st March 08
INCOME:			
Sales	11	277958	321901
Less : Excise duty		6558	8323
Net sales		271400	313578
Other income	12	2037	1783
		273437	315361
EXPENDITURE:			
(Increase)/Decrease in stocks	13	(1602)	(901)
Raw materials consumed	14	68031	73905
Components consumed		22264	30559
Manufacturing expenses	15	58807	62918
Employees remuneration and benefits	16	43314	30308
Administrative, selling and other expenses	17	36163	33893
Interest and financial charges	18	8647	3414
		235624	234096
Profit before Depreciation and prior period adjustments		37813	81265
Less : Depreciation		28369	19513
Profit after Depreciation and before prior period adjustments		9444	61752
Less: Provision for taxation:			
Current tax		1100	7000
Deferred tax		3306	959
Fringe benefit tax		500	460
MAT credit entitlement		(1100)	-
Profit after Taxation and before prior period adjustments		5638	53333
Add/(Less) Prior period adjustments		(27)	(10)
Profit for the year		5611	53323
Profit of Previous Year brought forward		124194	82661
Profit available for distribution:		129805	135984
1. Transferred to general reserve		942	6174
2. Proposed dividend		1600	4800
3. Tax on dividend		272	816
Balance carried to Balance Sheet		126991	124194
Earning per Share of Rs. 2/- each (in Rupees)			
Basic and Diluted		0.35	3.33

NOTES TO ACCOUNTS

19

The schedules referred above form an integral part of the Accounts.

As per our report of even date

Signatures to Profit and Loss Account and Schedule 11 to 18 and 19

For and on behalf of

DALAL & SHAH
 Chartered Accountants

M.S. Arora
 Managing Director

SHISHIR DALAL
 Partner
 Membership No. 37310

P. V. R. Murthy
Shailesh Sheth
M. S. Adige
A. P. Kurias

 Place : Mumbai
 Date : 27th August 2009

Anil Choudhari
 Vice President

Manish Parikh
 Company Secretary

Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009
(Pursuant to Clause 32 of the Listing Agreement)

(Rs. In Thousands)

Sr. No.	Particulars		2008-09	2007-08
A)	<u>Cash flow from operating activities</u>			
	Net profit before taxation and prior period adjustments		9444	61752
	Adjustments for:			
	Depreciation	28369		19513
	Interest income	(453)		(1386)
	Prior period adjustments	(27)		(10)
	Interest expenses	8647		3414
	Sub-total		<u>36536</u>	<u>21531</u>
	Operating profit before working capital changes		45980	83283
	Adjustments for:			
	(Increase)/Decrease in sundry debtors	8436		(56898)
	(Increase) Decrease in inventories	634		(10417)
	(Increase)/Decrease in current liabilities	4860		21280
	(Increase)/Decrease in loans and advances	(3075)		(19051)
	Sub-total		<u>10855</u>	<u>(65086)</u>
	Net cash from operating activities (A)		56835	18197
B)	<u>Cash flows from investing activities</u>			
	Purchase of fixed assets & capital work in progress	(154404)		(88327)
	Proceeds from sale of fixed assets	-		486
	Interest received	1173		549
	Sub-total		<u>(153231)</u>	<u>(87292)</u>
	Net cash used for investing activities (B)		(153231)	(87292)
C)	<u>Cash flows from financing activities</u>			
	Proceeds form long/short term borrowings	105996		64646
	Repayment of long/short term borrowings	(5989)		(3783)
	Interest paid	(7350)		(3059)
	Sub-total		<u>92657</u>	<u>57804</u>
	Net cash used for financing activities (C)		92657	57804
	Net increase in cash and cash equivalents (A+B+C)		(3739)	(11291)
	Cash and cash equivalents at beginning of period		11191	22482
	Cash and cash equivalents at end of period		7452	11191

Notes:

- Cash flow statement has been prepared under the Indirect method as set out in the Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents represent cash and bank balances.

As per our report of even date

For and on behalf of

DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No. 37310

Place : Mumbai
Date : 27th August 2009

M.S. Arora
Managing Director

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SCHEDULES 1 TO 19 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. In Thousands)

	As at 31 st March 09		As at 31 st March 08	
SCHEDULE 1				
SHARE CAPITAL :				
AUTHORISED:				
25,00,00,000 Equity Shares of Rs.2/- each		500000		500000
		<u>500000</u>		<u>500000</u>
ISSUED, SUBSCRIBED AND PAID-UP:				
1,60,00,000 Equity Shares of Rs 2/- each fully paid-up		32000		32000
		<u>32000</u>		<u>32000</u>
SCHEDULE 2				
RESERVES AND SURPLUS :				
CAPITAL RESERVES:				
Central investment subsidy	1500			
State investment subsidy	<u>500</u>	2000		2000
SECURITIES PREMIUM ACCOUNT		21000		21000
REVENUE RESERVES :				
General Reserve				
As per last balance sheet	19788		13614	
Add: Transferred from profit and loss account	<u>942</u>	20730	<u>6174</u>	19788
PROFIT AND LOSS ACCOUNT		<u>126991</u>		<u>124194</u>
		<u>170721</u>		<u>166982</u>
SCHEDULE 3				
SECURED LOANS :				
Foreign currency term loan from Exim Bank		104991		45247
Cash credit account with Bank of Maharashtra		18636		20921
Car loan from HDFC.Bank		<u>9427</u>		<u>-</u>
		<u>132123</u>		<u>66168</u>

NOTES :

- The term loan of EXIM bank is secured by mortgage of all the Company's immovable properties, both present and future, and exclusive first charge by way of hypothecation of whole of the Company's movable properties (except book debts) including movable plant and machinery, machinery spares, tools & accessories and other movables, both present and future, subject to prior charge created in favour of Company's Bankers on certain specified movables for securing working capital loan.
- The cash credit borrowing from Bank of Maharashtra is secured by hypothecation of inventories, book debts and other receivables, both present and future, and is further secured by second charge created by way of Joint Mortgage by deposit of title deeds of all immovable properties.
- The company has obtained car loan from HDFC Bank Limited and it is secured by hypothecation of the car.
- ICICI Bank Ltd. has sanctioned Term Loan of Rs. 10 crores (Term Loan 1) and Working Capital Facilities of Rs. 3.70 crores. ICICI Bank Limited has also sanctioned facility of External Commercial Borrowings (ECB) Term Loan equivalent to Rs. 20 crores which is interchangeable with Term Loan of Rs. 20 crores (Term Loan 2) and one time letter of credit.
Term Loan 1, Working Capital Facilities, Term Loan 2 and one time letter of credit is secured by First & exclusive charge on entire current assets, Second charge on plant & machinery & other movable fixed assets to be funded from ECB Term Loan, First & Exclusive charge on plant & machinery & movable fixed assets to be funded from Term Loan 1/Term Loan 2 and Charge on receivables.
ECB Term Loan is secured by First charge by way of hypothecation of all plant and machinery and other movable fixed assets of the company funded from ECB Term Loan.
As on 31st March, 2009, Company has not availed any amount from ICICI Bank Limited and the transfer of working capital facilities from Bank of Maharashtra to ICICI Bank Limited was under process.

SCHEDULES 1 TO 19 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. In Thousands)

SCHEDULE 4 UNSECURED LOANS :	As at 31 st March 09		As at 31 st March 08	
	Sales tax deferment Loan (Interest Free) From State Industrial and Investment Corporation of Maharashtra Limited From Body Corporate		7979	
		35200		-
		43179		9127

SCHEDULE 5 - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As At 1.4.2008	Additions During The Year	Deletions/ Adjustments During The Year	Cost As At 31.03.2009	Upto 31.03.2008	For The Year	Deletions/ Adjustments During The Year	Upto 31.03.2009	As At 31.03.2009	As At 31.03.2008
Lease hold land	203	-	-	203	44	2	-	46	157	159
Building on leasehold land	10366	6323	-	16689	4974	360	-	5334	11355	5392
Plant & machinery	238030	84397	-	322427	108052	27548	-	135600	186827	129978
Vehicles	1070	12729	-	13799	443	158	-	601	13198	627
Furniture, fixtures & office equipment	2396	1234	-	3630	1366	301	-	1667	1963	1030
TOTAL	252065	104683	-	356748	114879	28369	-	143248	213500	137186
Previous Year	197390	56846	2171	252065	97051	19513	1685	114879	137186	-

Notes :

- 1) Cost of Plant and Machinery includes Computers and Software's Rs. 51,80,257/- (previous year Rs.36,11,894/-).
- 2) Additions, deduction/adjustment during the year to Plant and Machinery includes exchange rate loss Rs. Nil (previous year Rs. 5,52,930/-). (Also see note no. 1 (xi) Schedule 19).
- 3) Depreciation on addition to fixed assets on or after 01-04-2003 is charged at useful life rates worked out on the basis of useful life estimated by the management. (Also see note no. 1 (vi) (c) Schedule 19).
- 4) Deletions/adjustments during the year Rs. Nil (previous year represents return of asset Rs. 4,31,297/- and sale of assets Rs. 17,39,739/-).

SCHEDULE 6 INVENTORIES : (As certified and valued by the management)	As at 31 st March 09		As at 31 st March 08	
	Raw material	6700		11485
Components (includes material with sub-contractors Rs. 70,708/- previous year Rs. 2,61,118/-)	1901	8601	2156	13641
Stores and spare parts		6399		3595
Semi finished goods (includes material with sub-contractors Rs.1,49,173/- previous year Rs. 5,82,205/-)		1904		2399
Finished goods manufactured		8228		6131
		25132		25766

SCHEDULES 1 TO 19 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009
(Rs. In Thousands)

	As at 31 st March 09		As at 31 st March 08	
SCHEDULE 7				
SUNDRY DEBTORS :				
Debts outstanding for more than six months:				
Considered good		20093		280
Considered doubtful		-		-
Other debts-considered good		87108		115357
		<u>107201</u>		<u>115637</u>
Less: Provision for doubtful debts		-		-
		<u>107201</u>		<u>115637</u>
SCHEDULE 8				
CASH AND BANK BALANCES :				
Cash on hand		38		125
With Scheduled Banks				
- In Current accounts		2068		411
- In Fixed deposits (including margin money Rs. 1,46,466/- under lien with Banks previous year Rs. 1,07,847/-)		5346		10655
		<u>7452</u>		<u>11191</u>
SCHEDULE 9				
LOANS AND ADVANCES AND OTHER CURRENT ASSETS:				
(Unsecured, considered good)				
Advances recoverable in cash or kind or value to be received :				
From Associates (See note 1 (xv) Schedule 19)		-		-
From Others		1672		777
		<u>1672</u>		<u>777</u>
Advances to suppliers		400		6704
Deposits with Government bodies and others		810		779
Interest accrued on deposits		273		993
Cenvat recoverable		16789		6868
Maharashtra value added tax credit		8120		3522
Advance tax and tax deducted at source		21538		29203
Advance fringe benefit tax paid		1302		802
MAT credit entitlement		1100		-
Balances with Central Excise		33		34
		<u>52037</u>		<u>49682</u>

SCHEDULES 1 TO 19 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009
(Rs. In Thousands)

	As at 31 st March 09		As at 31 st March 08	
SCHEDULE 10				
CURRENT LIABILITIES AND PROVISIONS :				
a) CURRENT LIABILITIES				
Sundry creditors for goods and services:				
Due to Micro, Small and Medium Enterprises *	-		-	
(*To the extent identified; see note 1 (xix) schedule 19)				
Other creditors	62333	62333	40843	40843
Due to employees		1098		2198
Due to others		5858		4300
Advances from customers		187		128
Advances from Associates (See note 1 (xv) Schedule 19)		-		-
Interest accrued but not due on loan		1673		376
Unpaid dividend		151		108
Other liabilities		609		919
		71909		48872
b) PROVISIONS :				
Provision for leave encashment		2000		1505
Provision for taxation		17399		29158
Provision for fringe benefit tax		1210		710
Proposed dividend		1600		4800
Tax on dividend		272		816
		22481		36989
		94390		85861
		For the year ended 31st March 09		For the year ended 31st March 08
SCHEDULE 11				
SALES :				
Finished Goods Manufacturing :				
Domestic sales (including excise duty)	29819		28914	
Export sales	232765		280681	
	262584		309595	
Less : Return of sales of earlier years :				
Domestic sales manufacturing	30		-	
Export sales manufacturing	99		10	
	129	262455	10	309585
Scrap sale		14028		12316
Job work		1475		-
		277958		321901

SCHEDULES 1 TO 19 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009
(Rs. In Thousands)

	For the year ended 31 st March 09		For the year ended 31 st March 08	
SCHEDULE 12				
OTHER INCOME:				
Interest received (including tax deducted at source Rs. 69,916/- previous year Rs. 1,71,447/-)		453		1386
Miscellaneous income		1584		397
		<u>2037</u>		<u>1783</u>
SCHEDULE 13				
(INCREASE)/DECREASE IN STOCKS :				
Closing stock :				
Semi finished goods	1904		2399	
Finished goods	<u>8228</u>	10132	<u>6131</u>	8530
Less: Opening Stock :				
Semi finished goods	2399		5068	
Finished goods	<u>6131</u>	8530	<u>2561</u>	7629
		<u>(1602)</u>		<u>(901)</u>
SCHEDULE 14				
RAW MATERIALS CONSUMED:				
Opening stock		11485		3445
Add: Purchases		63246		81945
		<u>74731</u>		<u>85390</u>
Less: Closing stock		6700		11485
		<u>68031</u>		<u>73905</u>
SCHEDULE 15				
MANUFACTURING EXPENSES:				
Stores and spare parts consumed		26455		22967
Job work and processing charges		19801		28522
Power, fuel and water		9438		9055
Repairs and maintenance :				
Machinery	1724		1224	
Building	1049		842	
Others	<u>340</u>	3113	<u>308</u>	2374
		<u>58807</u>		<u>62918</u>

SCHEDULES 1 TO 19 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009
(Rs. In Thousands)

	For the year ended 31 st March 09		For the year ended 31 st March 08	
SCHEDULE 16				
EMPLOYEES REMUNERATION AND BENEFITS :				
Salaries, wages and bonus		39150		28167
Contribution to Provident Fund, ESIC and Gratuity		3844		1714
Welfare expenses		320		427
		<u>43314</u>		<u>30308</u>
SCHEDULE 17				
ADMINISTRATIVE, SELLING AND OTHER EXPENSES :				
Rates and taxes etc.		97		159
Postage, telephone and fax etc.		998		907
Printing and stationery		1074		1168
Insurance		423		442
Inland traveling and conveyance		2972		2598
Foreign traveling expenses		1437		1703
Vehicle running and maintenance expenses		399		352
Advertisement, publicity and sales exhibition expenses		1262		116
Sales promotion and other selling expenses		1586		688
Excise duty provision on manufactured finished goods		-		934
Freight on sales		2585		3150
Training and welfare expenses		791		1085
Directors' sitting fees		194		60
Auditors' remuneration				
Audit fee	150		150	
For certification	53		17	
For management services	34		-	
Out of pocket expenses	4	241	2	169
Professional charges		14384		14111
Security services		801		537
Exchange rate variation loss		5205		1116
Loss on sale of fixed assets		-		6
Stamp duty and ROC fees		-		3150
Miscellaneous expenses		1714		1442
		<u>36163</u>		<u>33893</u>
SCHEDULE 18				
INTEREST AND FINANCIAL CHARGES :				
Interest on:				
Foreign currency term loan		5511		1040
Cash credit account		832		809
Unsecured loan		1419		-
Other financial charges		885		1565
		<u>8647</u>		<u>3414</u>

SCHEDULE 19
NOTES FORMING PART OF THE ACCOUNTS
1. ACCOUNTING POLICIES
i BASIS OF ACCOUNTING :

- A. The accounts of the company are prepared under the historical cost convention and in accordance with applicable Accounting Standards, except where otherwise stated.
- B. For recognition in Profit and Loss, mercantile system of accounting is followed.

ii USE OF ESTIMATES :

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made by the management that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Examples of such estimates include provision for doubtful debts and the useful lives of fixed assets. Difference between actual results and estimates are recognised in the period in which the results are known/materialised.

iii VALUATION OF INVENTORIES :

Inventories are valued as follows at lower of cost (net of Cenvat/Vat) or net realisable value :

1.	Raw material	:	At weighted average cost.
2.	Components, stores & spare parts	:	At weighted average cost less obsolescence by writing down the value over the years at a graduated scale depending on movement.
3.	Semi finished goods	:	
	- Relating to the current year	:	Direct cost of production plus appropriate overheads on machine hour rates in standard costing method.
	- Relating to earlier years	:	At salvage value.
4.	Finished goods	:	
	i. Traded goods (domestic)	:	First in first out or specific identification as applicable at purchase cost plus cost of bringing them to factory.
	ii. Traded goods (imported)	:	a) Same as above. b) Slow moving items as identified by management at lower of cost or net realisable value as certified by management
	iii. Manufactured goods	:	
	a) Slow / Non-moving	:	At estimated net realisable value.
	b) Moving	:	First in first out or specific identification as applicable at direct cost of production plus overheads on machine hour rates in standard costing method or net realisable value whichever is lower.
5.	Bought out inventories consumed in production	:	At current replacement cost.

iv CONTINGENT LIABILITIES :
CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

a) In respect of capital goods imported under EPCG Licenses at a concessional rate of custom duty, the company has undertaken export obligation to the extent of USD 26.05 lacs (previous year USD 26.05 lacs) equivalent to Rs.1223.21 lacs (previous year Rs. 1223.21 lacs), to be fulfilled during a period of eight years from the date of such EPCG Licenses (expiring in 2013-14) failing which the differential custom duty of Rs.152.90 lacs (previous year Rs. 152.90 lacs), together with interest and penalties, if any levied, may have to be paid. The company is also required to maintain annual average export performance of Rs. 907.91 lacs (previous year Rs.907.91 lacs).

The export obligation under EPCG Licenses to the extent of USD 26.05 lacs equivalent to Rs.1223.21 lacs approx., shall be subsumed in the export obligation under EOU Scheme in terms of the Letter of Permission as mentioned below in point no. b.

b) The company has converted its Tool Holder and Work Holding manufacturing section into 100% EOU w.e.f. 1st June, 2006. There is an export obligation to the extent of USD 305.82 lacs (equivalent to Rs.12232.80 lacs approx.) as per letter of permission (LOP) dated 18.11.05 & 01.10.07 issued by The Development Commissioner SPEEZ-SEZ Mumbai, to be fulfilled within a period of five years from 01.06.2006. Company has completed export obligation for the first three year to the extent of Rs.6919.68 lacs.

c) During the year 2008-09 company has imported capital goods under EPCG authorization for its DTA Unit at a concessional rate of custom duty, the company has undertaken export obligation to the extent of USD 11.92 lacs equivalent to Rs.482.88 lacs to be fulfilled during a period of eight years from the date of such EPCG Licenses (expiring in 2015-16) failing which the differential custom duty of Rs.80.48 lacs together with interest and penalties, if any levied, may have to be paid.

d) Claims against company which are prima facie untenable are not considered for contingent liability.

e) Capital commitments net of advances Rs.86,08,146/- (Previous year Rs.2,87,38,359/-).

v PRIOR PERIOD ITEMS AND EXTRA ORDINARY ITEMS :

Prior Period Adjustments	Rs.in Thousands
Credit relating to earlier period	--
Less :	
Debit relating to earlier period	27
Net	27

vi DEPRECIATION :

a) Depreciation on fixed assets acquired prior to 01.04.2003 is provided on 'Straight Line Method' at the rates prescribed in Schedule XIV of the Companies Act,1956. (as amended from time to time) proportionately for the period for which the assets were in use. Leasehold land is amortized over the lease period.

b) Depreciation has been charged at 100% in case of assets costing less than Rs.5,000/-.

c) Depreciation on additions to fixed assets on or after 01.04.2003 is provided on 'Straight Line Method' at useful life rates worked out on the basis of useful life estimated by the management as follows:

Particulars	Useful Life
Plant and machinery	10 years
Vehicles	10 years
Furniture, fixture and office equipments	5 years
Computers	5 years
IT Software	3 years
Others	Schedule XIV useful life rate

d) Depreciation on impaired assets is provided by adjusting the depreciation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

vii **RESEARCH AND DEVELOPMENT COSTS :**

Revenue expenditure, including overheads on research and development, is charged as an expense through the natural heads account in the year in which incurred. Expenditure which results in the creation of capital assets is capitalised and depreciation is provided on such assets as applicable.

viii **REVENUE RECOGNITION :**

Revenue from the sale of goods is recognized upon the passage of title to the customers, which generally coincides with delivery.

ix **FIXED ASSETS :**

Fixed assets are stated 'at cost' (net of Cenvat/Vat) less accumulated depreciation and Impairment loss.

x **IMPAIRMENT OF FIXED ASSETS :**

At the end of each period, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS-28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India. An impairment loss is charged to the Profit & Loss Account in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

xi **FOREIGN CURRENCY TRANSACTIONS :**

Transactions arising in foreign currencies during the year are converted at the rates closely approximating the rates ruling on the transaction dates. Liabilities and receivables in foreign currency are restated at the year end exchange rates. All exchange rate differences arising from conversion in terms of the above are included in the profit and loss account.

xii **EMPLOYEE BENEFITS:**

a) Short term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

b) Post employment benefits:

i. Defined contribution plans:

Company's contribution to the provident fund scheme, etc. are recognised during the year in which the related service is rendered.

ii. Defined benefit plans:

- Gratuity

The present value of the obligation is determined based on an actuarial valuation, using the projected unit credit method. Actuarial gains and losses on such valuation are recognised immediately in the Profit and Loss Account. The fair value of the plan assets of the trust administered by the company, is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on a net basis;

c) Long term compensated absences are provided on the basis of an actuarial valuation.

d) Termination Benefits

Termination benefits are charged to Profit and Loss Account in the year in which they are incurred.

xiii BORROWING COSTS :

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

xiv SEGMENT REPORTING : The company operates in only one reportable segment i.e. production activity representing manufacturing of machine tools accessories.

xv RELATED PARTY TRANSACTIONS :

(Rs. in Thousands)

Sr. No.	Name of related party	Description & Nature of transactions	Total amount of the transactions during the current year (previous year)	Amount if any outstanding as on 31.03.2009		Amount if any outstanding as on 31.03.2009	
				Debit balance current year (previous year)	Credit balance current year (previous year)	Debitors	Advances
A) Enterprises owned or significantly influenced by Key Management, personnel or their relatives							
1	Zenith Birla (India) Ltd.	Purchase of goods	1419 (541)	-	-	144 (40)	-
		Sale of goods	420 (9)	-	-	-	-
2	Birla Accucast Ltd. (Formerly known as Birla Perucchini Ltd.) (Debtor due for more than Six months)	Sale of Goods & Services	3241 -	1342 (280)	-	-	-
		Services	1163 (1676)	-	-	- (181)	-
3	Birla International Pvt. Ltd.	Sale of goods	193 -	12 -	-	-	-
4	Birla Global Corporate Ltd.	Services	12408 (12119)	-	-	782 (3625)	-
5	Dagger Forst Tools Ltd.	Services	72 (130)	138 -	-	- (37)	-
6	Birla Viking Travels Pvt. Ltd.	Services	484 (687)	-	-	39 -	-
7	Nirved Traders Pvt. Ltd.	Services	- (8)	-	-	-	-
8	Shearson Investment & Trading Co. Pvt. Ltd.	Unsecured Loan & Interest	36619 -	-	-	36327 -	-
		Advance	1000 -	-	-	-	-
	Total - A		57019 (15170)	1492 (280)	-	37292 (3883)	-
B) Joint Venture and its associates :							
9	Kennametal Inc. U.S.A.	Sale of goods	- (43330)	-	-	-	-
		Purchase of goods	- (85)	-	-	-	-
10	Kennametal Hertel GMBH & CO.	Sale of goods	- (10633)	-	-	-	-
		Purchase of goods	- (371)	-	-	-	-
11	Kennametal Australia Pty. Ltd.	Sale of goods	- (81)	-	-	-	-

Sr. No.	Name of related party	Description & Nature of transactions	Total amount of the transactions during the current year (previous year)	Amount if any outstanding as on 31.03.2009		Amount if any outstanding as on 31.03.2009	
				Debit balance current year (previous year)		Credit balance current year (previous year)	
				Debtors	Advances	Creditors	Advances
12	Kennametal Hard Point Shanghai Ltd. China	Sale of goods	(11)	-	-	-	-
13	Kennametal Singapore	Sale of goods	(616)	-	-	-	-
14	Kennametal Hertel Japan	Sale of goods	(138)	-	-	-	-
15	Kennametal India Ltd.	Sale of goods	(1521)	-	-	-	-
16	Hanita Metal Works	Purchase of goods	(89)	-	-	(17)	-
	Total - B		(56875)	-	-	(17)	-
C) Key Management Personnel							
17	Shri Anil N. Choudhari - Vice President	Remuneration	1744 (1203)	-	-	-	-
18	Shri Suresh R.Karkare - General Manager (F & A)	Remuneration	1396 (1157)	-	-	-	-
	Total - C		3140 (2360)	-	-	-	-
	Total (A+B+C)		60159 (74405)	1492 (280)	-	37292 (3900)	-

Name of Related Parties and nature of relationships:
a) Key Management personnel

1. Shri Yashovardhan Birla (Non-executive Chairman)
2. Shri Anil N. Choudhari- Vice President
3. Shri Suresh R. Karkare- General Manager (F&A)

Note: Shri M.S. Arora appointed as Managing Director of the Company w.e.f. 30th July, 2009

b) Enterprises owned or significantly influenced by Key Management personnel or their relatives

1. Ashok Birla Apollo Hospital Pvt. Ltd.*
2. Asian Distributors Pvt. Ltd.*
3. Birla AccuCast Limited
4. Birla Bombay Pvt. Ltd.*
5. Birla Capital & Financial Services Limited*
6. Birla Cotsyn (India) Limited*
7. Birla Edutech Limited*
8. Birla Electricals Limited*
9. Birla Global Corporate Limited
10. Birla Infrastructure Ltd.*
11. Birla International Pvt. Ltd.
12. Birla Kerala Vaidyashala Pvt. Ltd.*
13. Birla Pacific Medspa Pvt. Ltd.*
14. Birla Power solutions Limited*
15. Birla Shloka Edutech Limited*
16. Birla Surya Limited*
17. Birla Transasia Carpets Limited*
18. Birla Viking Travels Pvt. Ltd.
19. Dagger Forst Tools Limited
20. Godavari Corporation Pvt. Ltd.*
21. Khopoli Investments Limited*
22. Nirved Traders Pvt. Ltd.
23. Shearson Investments & Trading Co. Pvt. Ltd.
24. Tungabhadra Holdings Pvt. Ltd.*
25. Zenith Birla (India) Limited

** no transactions during the year*

c) Associate Companies

- | | |
|---|--|
| 1. Greenfield Industries Inc., USA | 16. Kennametal Japan Ltd., Japan |
| 2. Hanita Metal Works Ltd., Israel | 17. Kennametal Kesici Tar. mlar Sanayve Ticaret |
| 3. Kemmer Prazisian GmbH (Germany) | 18. Kennametal Korea Ltd. Korea |
| 4. Kennametal (Malaysia) Sdn.Bhd Malaysia | 19. Kennametal Shared Services Private Ltd. |
| 5. Kennametal (Singapore) Pte Ltd., Singapore | 20. Kennametal South Africa (Pvt) Ltd., South Africa |
| 6. Kennametal (Thailand) Co. Ltd. Thailand | 21. Kennametal U.K. |
| 7. Kennametal Australia Pty. Ltd., Australia | 22. Kennametal Widia GmbH Co.Kg Germany |
| 8. Kennametal Carbide | 23. Kennametal Widia Holding GmbH, Germany |
| 9. Kennametal Engg ProdHardenburg, Netherlands | 24. Kennametal Widia Holding Inc., USA |
| 10. Kennametal Europe Holding GmbH, Germany | 25. KMT Distribution Services Asia Pte . |
| 11. Kennametal France S.A.S. France | 26. Metruit A.G. Zug Switzerland |
| 12. Kennametal Hardpoint (Shanghai) Ltd., China | 27. Rogers Tool Works Inc. USA |
| 13. Kennametal Hertel GmbH Co. Kg. Germany | 28. Rubig GmbH Co. KG |
| 14. Kennametal Holding Europe Inc, USA | 29. Widia Nederland B.V., Netherlands |
| 15. Kennametal Italia S.P.A | 30. Kennametal India Ltd. |

Note: The above associate companies were related parties uptill 3rd July, 2007. The company had no transactions with these companies during the financial year 2008-09.

xvi Computation of Profit for Earnings Per Share :

(Amount in Rs.'000)

	31 st March, 2009	31 st March, 2008
Profit for the year after tax	5638	53333
Less : Prior period adjustments (Net)	27	10
Profit after prior period adjustments	5611	53323
Number of Equity Shares	16000000	16000000
EPS Per Share (Rs.)	0.35	3.33

xvii TAXATION :

Income-tax expense comprises Current Tax, Fringe Benefit tax (FBT) and Deferred tax charge or credit.

Provision for current tax is made on the assessable Income at the tax rate applicable to the relevant assessment year. Minimum alternative tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

Provision for FBT is made on the basis of the fringe benefits provided/deemed to have been provided during the year at the rates and values applicable to the relevant assessment year.

Deferred taxation is provided as per Accounting Standard 22 issued by Institute of Chartered Accountants of India. The deferred tax asset and/ or deferred tax liability is calculated by applicable tax rate as at balance sheet date.

Deferred tax asset on account of timing differences are recognised only to the extent there is a reasonable certainty of its realisation.

At each balance sheet date, carrying amount of deferred asset/liability shall be reviewed and the necessary adjustments to assets or liability shall be made.

		(Rs. In Thousands)		
		Upto 31st March, 08	For the year 2008-09	Upto 31st March, 09
DEFERRED TAX ASSET				
Bonus		322	82	404
Leave salary		491	188	679
Business loss		–	248	248
	Total a	813	518	1331
DEFERRED TAX LIABILITY				
Depreciation	Total b	13,178	3,824	17,002
NET DEFERRED TAX LIABILITY (b-a)		12,365	3,306	15,671

xviii **PROPOSED DIVIDEND :**

Dividend proposed by the Board of Directors and dividend tax thereon is provided for in the accounts, pending approval at the Annual General Meeting.

xix Based on the information and records available with the company, there are no companies which fall under the categories defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

xx Information as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment rules, 1975 is not applicable as no employee is drawing remuneration @ Rs.2,00,000/- per month or Rs.24.00 lacs per annum.

xxi **Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956.**

A) Particulars of Capacity :

(in Numbers)

Class of Goods	Licensed Capacity		Installed Capacity	
	Current Year	Previous Year	Current Year	Previous Year
Machine Tool Accessories and Precision Components	6,77,600	5,00,000	4,77,600	4,77,600

B) Particulars in respect of Opening Stock, Production, Purchases, Sales and Closing Stock of Finished Goods.

CLASS OF GOODS : Machine Tool Accessories

a) Details of goods manufactured :

Opening Stock		Production	Receipt	Sales		Issue for own consumption	Issue for samples etc.	Closing Stock	
Quantity in Nos.	Value (Rs.'000)	Quantity in Nos.	Quantity in Nos.	Quantity in Nos.	Value (Rs.000)	Quantity in Nos.	Quantity in Nos.	Quantity in Nos.	Value (Rs.000)
11,589	6,131	256,658	3,704	251,422	262,455	543	4,272	15,714	8,228
(5,721)	(2,561)	(2,86,037)	(645)	(277,457)	(3,09,585)	(1,960)	(1,397)	(11,589)	(6,131)

b) Raw materials & components consumed:

	Current year		Previous year	
	Quantity	Value (Rs.'000)	Quantity	Value (Rs.'000)
Raw materials (M.T.)	1121	68031	1390	73905
Components (Nos.)	632811	22264	798383	30559
		90295		104464

c) Value of imported and indigenous raw materials and components consumed and percentage of each to the total consumption:

	Current Year		Previous Year	
	Value (Rs.'000)	% age	Value (Rs.'000)	%age
Raw materials & components:				
- Imported	3189	3.53	3550	3.40
- Indigenous	87106	96.47	100914	96.60
	90295	100.00	104464	100.00

d) CIF value of imports :

(Rs. in Thousands)

	Current Year	Previous Year
Capital goods	87858	62934
Components	2573	4162
Stores & spares parts	6060	2891
	96491	69987

e) Expenditure in foreign currency (on cash basis)

(Rs. in Thousands)

	Current Year	Previous Year
a) Foreign traveling expenses	592	975
b) Foreign traveling expenses capitalised	—	297
c) Technical know how fees	795	3795
d) Sales freight	272	52
e) Miscellaneous expenses	181	69
f) Professional charges & commission on sales	707	—
	2547	5188

f) Earning in foreign exchange

(Rs. in Thousands)

	Current Year	Previous Year
F.O.B. value of exports manufacturing goods (including exchange rate variation surcharge)	232603	280428

2 Disclosure pursuant to Accounting Standard - 15 "Employee Benefits".

- a) An amount of Rs.14,71,382/- (previous year 1,92,234/-) as contribution towards defined contribution plans is recognised as expense in the Profit and Loss Account.
- b) The disclosure in respect of the defined benefit gratuity plan are given below:

	As at 31.03.2009 Rs. In '000	As at 31.03.2008 Rs. In '000
I Assumptions :		
Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
Discount rate	7.00%	8.00%
Rate of increase in compensation	5.00%	5.00%
Rate of return (expected) on plan assets	-	8.00%
Withdrawal rates :		
upto age 44	2%	2%
45 & above	1%	1%
II Changes in present value of obligations		
Present value at beginning of period	2728	2141
Interest cost	204	172
Current service cost	538	331
Benefits paid	(351)	(110)
Actuarial (gain) / loss on obligation	654	194
Present value at end of period	3773	2728
III Changes in fair value of plan assets		
Fair value of plan assets at beginning of period	2510	2364
Expected return on plan assets	196	185
Contributions	218	218
Benefits paid	(351)	(110)
Actuarial (gain) / loss on plan assets	(271)	71
Fair value of plan assets at end of period	2302	2728
IV Amounts to be recognised in the Balance Sheet and Profit & Loss Account		
Present value of obligations at end of period	3773	2728
Fair value of plan assets at end of period	2302	2728
Funded	1471	-
V Expense recognised in the Statement of Profit and Loss Account		
Current service cost	538	331
Interest cost	204	172
Expected return on plan assets	(196)	(185)
Net actuarial gain/(loss) recognised for the period	925	123
Expense recognised in the statement of Profit and Loss Account	1471	192
VI Percentage of major category of plan assets to total plan assets as at the end of year		
Government Securities	19%	-
Corporate Debts	52%	-
Equity	24%	-
Money Market Investment	5%	-

- 3 The Board of Directors at its meeting held on 22nd October, 2008 has approved the Scheme of Arrangement ("Scheme") under Section 391 to 394 of the Companies Act, 1956, interalia, providing for merger of Indian Tool Manufacturers, a Division of Zenith Birla (India) Limited with the Company. 'In-principal' approval to the Scheme has been received from Bombay Stock Exchange Limited. The Scheme has also been approved in the Court Convened Meeting by the members of the Company.

Pending approval of the Scheme from the Hon'ble High Court of Judicature at Bombay, as well as completion of other necessary formalities in this regard, the above financial results do not reflect the adjustments and effects arising from the Scheme as envisaged, which would be considered as and when the Scheme is approved and implemented.

- 4 Figures for previous year have been regrouped/rearranged wherever considered necessary.
5 Figures have been rounded off to the nearest thousands.

For and on behalf of

DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No. 37310

Place : Mumbai
Date : 27th August 2009

M.S. Arora
Managing Director

Anil Choudhari
Vice President

Manish Parikh
Company Secretary

P. V. R. Murthy
Shailesh Sheth
M. S. Adige
A.P. Kurias
Directors

**Additional information as required under part-IV of Schedule-VI to the Companies Act, 1956.
Balance Sheet Abstract and Company's General Business Profile.**

1	Registration details			
	Registration no.	L29220MH1986PLC041214	State code	11
	Balance sheet date	31st March 2009		
2	Capital raised during the year (Amount in Rs.Thousands)			
	Public issue	Nil	Right issue	Nil
	Preferential issue	Nil	Private placement	Nil
	Bonus issue	Nil		
3	Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)			
	Total Liabilities	488084	Total Assets	488084
	SOURCES OF FUNDS			
	Paid up capital	32000	Secured loans	132123
	Reserves and surplus	170721	Unsecured loans	43179
	APPLICATION OF FUNDS			
	Net fixed assets (including Capital WIP)	296262	Investments	Nil
	Net current assets	97432	Miscellaneous expenditure	Nil
	Accumulated losses	Nil		
4	Performance of Company (Amount in Rs. Thousands)			
	Turnover (including other income)	273437	Total expenditure	268926
	Profit before tax	9444	Profit after tax	5611
	Earning per share Rs.	0.35	Dividend rate %	5%
5	Generic names of two principal products/services of Company (as per monetary terms)			
A)	Item Code No. (ITC Code)	84661010		
	Product Description	Tool Holders		
B)	Item Code No. (ITC Code)	84662000		
	Product Description	Work Holders		

BIRLA PRECISION TECHNOLOGIES LIMITED

(Formerly Birla Kennametal Limited)

Reg. Office: B-15/4, M.I.D.C. Industrial Area, Waluj, Aurangabad - 431 133 (M.S.), India

22nd ANNUAL GENERAL MEETING

PROXY FORM

Regd. Folio No./ DP Client ID

No. of Shares held

I/We _____ of _____ in the district of _____ being a member / members of BIRLA PRECISION TECHNOLOGIES LIMITED hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ as my / our proxy to attend and vote for me / us, on my / our behalf at the **22nd ANNUAL GENERAL MEETING** of the Company, to be held on Wednesday, 30th September, 2009 at 3.30 p.m. or at any adjournment(s) thereof.

Signed this _____ day of _____ 2009.

Affix. Re.
1/- Revenue
Stamp

Signature

Notes :
This Form, in order to be effective, should be completed, duly signed and stamped and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

Members are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting as extra copy of the Annual Report will not be made available for reasons of economy.

..... Please Tear Here

BIRLA PRECISION TECHNOLOGIES LIMITED

(Formerly Birla Kennametal Limited)

Reg. Office: B-15/4, M.I.D.C. Industrial Area, Waluj, Aurangabad - 431 133 (M.S.), India

22nd ANNUAL GENERAL MEETING

ATTENDANCE SLIP

Regd. Folio No./ DP Client ID

No. of Shares held

I Certify that I am a member/ proxy for the member of the Company.

I hereby record my presence at the **22nd ANNUAL GENERAL MEETING** of the Company at B-15/4, M.I.D.C. Waluj, Aurangabad - 431 133 on Wednesday, 30th September, 2009 at 3.30 p.m.

Member's/Proxy's Name in BLOCK Letters

Signature of member's/proxy's

Note : Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

Book Post



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PRECISION

If undelivered, please return to:
BIRLA PRECISION TECHNOLOGIES LIMITED
(Formerly Birla Kennametal Limited)
Regd. Office & Factory :-
B- 15/4, M. I. D. C., Waluj, Aurangabad- 431 133 (M. S.)
Phone: (0240) 2554300, 2554301, 2554408, Fax : (0240) 2554302
Email: info@birlaprecision.com, Web: www.birlaprecision.com / www.birlaprecision.in