



**Annual Report 2010-11**

**Balmer Lawrie Investments Ltd.**  
(A Government of India Enterprise)

# Balmer Lawrie Investments Ltd.

(A Government of India Enterprise)

**Board of Directors** : Shri P. Kalyanasundaram, *Chairman*  
Shri Sukhvir Singh  
Shri K. Subramanyan

**Audit Committee** : Shri K. Subramanyan, *Chairman*  
Shri P. Kalyanasundaram  
Shri Sukhvir Singh

**Investors' Grievance Committee** : Shri Sukhvir Singh, *Chairman*  
Shri P. Kalyanasundaram  
Shri K. Subramanyan

**Company Secretary** : Shri P. K. Ghosh

**Banker** : State Bank of India

**Auditors** : Messrs J. Gupta & Co.  
*Chartered Accountants*

**Internal Auditors** : Messrs Prasanta Ghosh & Co.  
*Chartered Accountants*

**Registrar & Share Transfer Agent** : C B Management Services (P) Ltd.

**Registered Office** : 21, Netaji Subhas Road  
Kolkata - 700 001

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**NOTICE  
TO THE MEMBERS**

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of Balmer Lawrie Investments Ltd., will be held at Ghanshyam Das Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata - 700 019, on Friday, the 23<sup>rd</sup> day of September, 2011 at 2.30 p.m., to transact the following businesses:-

**ORDINARY BUSINESS**

1. To consider and adopt the audited Profit & Loss Account for the financial year ended 31<sup>st</sup> March 2011 and the Balance Sheet as at that date along with the Report of the Directors, Auditors and the Comments of the Comptroller & Auditor General of India, thereon;
2. To declare dividend for the financial year ended 31<sup>st</sup> March 2011;
3. To appoint a director in place of Shri P Kalyanasundaram, who retires by rotation and being eligible offers himself for re-appointment; and
4. To fix remuneration of the Auditors and to pass with or without modification(s) the following resolution:

**As an Ordinary Resolution**

“RESOLVED THAT pursuant to Section 619, read with Section 224(8)(aa) of the Companies Act, 1956 (‘the Act’), the Board of Directors be and is hereby authorised to determine the amount of remuneration payable to the Auditors appointed under Section 619 of the Act, by the Comptroller and Auditor General of India, including the cost of reimbursement of out of pocket expenses incurred in connection with the audit of Annual Accounts of the Company for the financial year 2011-12 by the said Auditors.”

Registered Office:  
21, Netaji Subhas Road,  
Kolkata - 700 001  
Date: 17<sup>th</sup> August 2011

By Order of the Board  
  
P K Ghosh  
Company Secretary

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received either at the Registered Office of the Company, 21, Netaji Subhas Road, Kolkata - 700 001 or at the Office of the Registrar & Share Transfer Agent, viz., C B Management Services (P) Ltd., at P-22, Bondel Road, Kolkata - 700 019, not less than 48 hours before the commencement of the ensuing Tenth Annual General Meeting (‘AGM’), i.e., by 2.30 p.m. on 21<sup>st</sup> September 2011.
3. In terms of Listing Agreement with the Stock Exchanges, the relevant details of the Director, retiring by rotation and seeking re-appointment under item no.3, are annexed.
4. Corporate members are requested to send a certified copy of their Board resolution under Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the ensuing AGM.
5. The Board of Directors at its meeting held on 30<sup>th</sup> May 2011, has recommended dividend of 85% on the paid equity share capital of the Company. The proposal of payment of dividend is placed before the members under Item 2 of this Notice, for the purpose of declaration at the ensuing Tenth Annual General Meeting. After such declaration, the dividend will be paid to the members within the statutory period of 30 days from the date of its declaration, i.e., by 23<sup>rd</sup> October 2011.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 16<sup>th</sup> September 2011 to Friday, 23<sup>rd</sup> September 2011 (both days inclusive).
7. Pursuant to Section 205C of the Companies Act, 1956, the dividend amount which remains unpaid/unclaimed for a period of seven years, will be transferred to the ‘Investors’ Education & Protection Fund’ of the Central Government (‘IEPF’). After such transfer to IEPF, the shareholders shall have no claim on their unpaid/unclaimed dividend(s). Unclaimed/Unpaid dividend lying in the ‘Unclaimed/Un-paid Dividend Account 2003-04’, is due for transfer to IEPF on 31<sup>st</sup> October 2011. Intimation

## Balmer Lawrie Investments Ltd.

to this effect, has already been sent to those shareholders, who have not en-cashed their dividends declared for the financial year ended 31<sup>st</sup> March 2004 (vide our Notice dated 9<sup>th</sup> August 2011), for taking steps for encashment before close of business hours on 24<sup>th</sup> October 2011.

Information on due dates of transfers of the Unpaid/ Unclaimed dividend amount to IEPF, are provided in the Corporate Governance Report. In respect of Dividends, which have already been paid by the Company but not yet en-cashed by the Shareholders, requests are hereby made to those Shareholders to take steps to en-cash the same before the due dates of transfer to the IEPF.

8. In terms of Sections 224(8)(aa) and 619 of the Companies Act, 1956, though the Auditors of a Government Company, are appointed by the Comptroller and Auditor General of India, the remuneration is fixed by the Company in the General Meeting. Thus item no.4, under the Ordinary Business, has been inserted as an Ordinary Resolution.

9. Members are requested to:

- i. Notify on or before 16<sup>th</sup> September 2011 (applicable for shareholders holding shares in physical mode) the following to C B Management Services (P) Ltd., at P-22, Bondel Road, Kolkata - 700 019:
  - a. Change of address (including pin code), mandate, etc.
  - b. Bank account number, name and address of the bank.
- ii. Quote the ledger Folio or Client ID and DP ID numbers in all communications addressed either to the Company/ or to C B Management Services (P) Ltd.;

iii. Bring copy of the Annual Report and show Attendance Slip/Entry Pass at the entrance of the venue of the Meeting. Please note that Annual Report shall not be distributed at the venue of the Meeting;

iv. Submit National Electronic Clearing Services ('NECS') mandates on or before 9<sup>th</sup> September 2011, to enable the Company to pay dividend through NECS. Members who are holding shares in physical form are requested to send their NECS mandates to C B Management Services (P) Ltd. Those holding shares in electronic form are requested to send NECS mandates directly to their respective Depository Participants ('DP').

### DETAILS OF THE DIRECTOR proposed to be re-appointed at the Tenth Annual General Meeting of the Company, scheduled on 23<sup>rd</sup> September 2011

Name of the Director : P. Kalyanasundaram

Date of Birth : 25<sup>th</sup> December 1954

Date of Appointment : 13<sup>th</sup> October 2008

Qualification : M.Sc. (Geology), LLB, MBA, M.Phil. (Commerce), M.A.(Eco), M.Phil.(Social Science), Master's Diploma in Public Administration, Ph.D- International Business

Expertise in : Administration, Management

specific Functional and Research

Area

### GREEN INITIATIVES – on sending Annual Report and Accounts to the members of the Company through electronic mode

This initiative is pursuant to two circulars bearing nos. 17/2011 and 18/2011 dated 21<sup>st</sup> April 2011 and 29<sup>th</sup> April 2011, respectively, issued by the Ministry of Corporate Affairs, Govt. of India.

Under the aforesaid Circulars, service of documents, including Annual Reports and Accounts, upon the shareholders through e-mail - shall be in compliance with Section 53 of the Companies Act, 1956.

The Shareholders (whether holding shares in physical or electronic mode), who are interested to receive soft copy of the Annual Reports and Accounts of the Company on and from the next year, i.e., 2011-12, are requested to register their respective e-mail ids at the web-page of our Registrar & Share Transfer Agent, C B Management Services (P) Ltd., at: [www.cbmsl.com/green.php](http://www.cbmsl.com/green.php).

## DIRECTORS' REPORT

### To the Members,

Your Directors have the pleasure in presenting their 10th Annual Report together with the audited Balance Sheet and Profit & Loss Account for the financial year ended 31<sup>st</sup> March 2011.

### Socio Economic Environment

India is one of the world's fastest growing economies. Our country offers several economic advantages to its nationals as well as foreign investors. The Country's rise as an Asian economic powerhouse over the years has been quite remarkable. Economic conditions in India have become quite conducive towards meeting the wants of a wider cross section of people.

With economic liberalization of India in 1990s, the nation started generating a lot of interest among foreign investors. A rapidly developing economy coupled with favorable attitude of the Government of India towards foreign investors, have attracted substantial foreign direct investments to India.

Ernst & Young had carried out a survey in June 2008, which identified India as the fourth most attractive investment destination of the world. All this augurs well for the Indian economy.

On the downside, inflation in India is a matter of serious concern and rose to more than 13 percent in June 2010. But due to Government measures and role played by the Reserve Bank of India, high inflation was brought down to a level of about 8.62 percent in June 2011.

### Company's Performance

The performance of your Company is greatly dependent upon two issues, one being, amount of dividend received from its subsidiary, Balmer Lawrie & Co. Ltd. ('BL') and the other being interest received from deployment of its surplus funds with scheduled commercial banks. In other words, financial performance of BL and interest prevailing at the time of deployment of surplus funds, are two issues, which are central to the performance of your Company. The interest rates have increased slightly as compared to the previous year 2009-10. The quantum of dividend received from the subsidiary, for the financial year 2010-11, too was higher as compared to the dividend received during the financial year 2009-10. The above two factors have contributed higher profit for the financial year 2010-11, as compared to the Profit for the financial year 2009-10.

Financial performance of your Company, for the year under review, 2010-11, as compared to the immediately preceding year, i.e., 2009-10, is enumerated below:

### Financial Results

	(₹ in lakhs)	
	Year ended on 31 <sup>st</sup> March	
	2011	2010
Surplus for the year before Tax	2484.64	2170.24
Provision for Taxation	61.82	59.03
Net Profit	2422.82	2111.21

### Dividend

Your Directors are now pleased to recommend, for declaration, a dividend of ₹ 8.50 (Rupees Eight and paise fifty only) per Equity share of ₹ 10/- each, fully paid-up, i.e., 85%, for the financial year ended 31<sup>st</sup> March 2011, as against dividend of ₹ 7.60 (Rupees Seven and paise Sixty only) per Equity share of ₹ 10/- each, fully paid-up, paid in the previous financial year ended 31<sup>st</sup> March 2010. Subject to declaration at the ensuing Tenth Annual General Meeting, dividend will be paid to those Shareholders who are holding the shares as on the date of the commencement of the Book closing period, i.e., on 16<sup>th</sup> September 2011. In respect of shares held electronically, dividend will be paid to the beneficial owners - as per details furnished by the Depositories, i.e., Central Depository Services (India) Ltd. and National Securities Depository Ltd.

### Appropriations

Balance Profit amounting to ₹ 118.02 lacs, has been brought forward from the financial year 2009-10. This together with Net Profit for the financial year 2010-11, aggregates to ₹ 2540.84 lacs, which has been appropriated as given hereunder, against the backdrop of the appropriations of ₹ 2227.26 lacs, for the immediately preceding financial year 2009-10:

## Balmer Lawrie Investments Ltd.

### Appropriations

	(₹ in lakhs)	
	Year ended on 31 <sup>st</sup> March	
	2011	2010
Proposed dividend @ ₹ 8.50 (Rupees Eight and paise fifty only) per Equity share [Previous year dividend @ ₹ 7.60 (Rupees Seven and paise sixty only) per Equity share of ₹ 10/- each fullypaid-up, was declared]	1886.77	1686.99
Corporate Tax on Dividend	0	0
Transfer to Reserve Fund	484.57	422.25
Surplus carried forward to the next year	169.50	118.02

### Deposits with Banks

Surplus funds of the Company have been deployed in the Fixed Deposit Schemes of the Banks. As at 31<sup>st</sup> March 2011, the total amount of deployment in the Fixed Deposit Schemes of Schedule Banks stood at ₹ 3900 lakhs, which in turn has yielded interest income to the tune of ₹ 214.94 lakhs.

### Management Discussion and Analysis Report

Your Company is not engaged in any other business activity, except, to hold the Equity shares of Balmer Lawrie & Co. Ltd. and accordingly matters to be covered under 'Management Discussion and Analysis Report', are not applicable to your Company.

### Report on Subsidiary Companies

In terms of Sections 4(1)(b)(ii) and 4(1)(c) of the Companies Act, 1956 ('the Act'), your Company has two subsidiary companies, namely, Balmer Lawrie & Co. Ltd. ('BL') and Balmer Lawrie (UK) Ltd. ('BLUK'). By virtue of your Company's shareholding in BL (61.8%), your Company is the holding Company of the latter. BL has one subsidiary company, which is a foreign company, namely, BLUK, which in turn under Section 4(1)(c) of the Act, is also a subsidiary of your Company.

It is understood that BL, in terms of the recent General Circular No. 2/2011 (Ref. no. 5/12/2007 – CL III) of the Ministry of Corporate Affairs, has complied with the conditions, including obtaining consent from its Board of Directors for non-attachment of its subsidiary's accounts. Further, it is understood that BL is presenting the Annual Accounts of its subsidiary, BLUK, in Indian currency and has consolidated its financial statement with that of the above-referred foreign subsidiary company.

Your Company in terms of Section 212(1) of the Act has attached a copy of the Annual Report and Accounts of BL.

Further your Company has furnished the Annual Accounts of BLUK in the manner as was dealt in the Annual Report of BL.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Section 217 (1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, dealing with the disclosures about the above matters, are not applicable to your Company.

### Particulars of Employees

Your Company has no employee in the category to report under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

### Directors' Responsibility Statement

Your Directors acknowledges the responsibility for ensuring compliance with the provisions of Section 217 (2AA) of the Companies Act, 1956, in preparation of the Annual Accounts of your Company for the financial year ended 31<sup>st</sup> March 2011 and confirm that:

- (i) in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2011, the applicable Accounting Standards have been followed and there was no material departure from such standards;
- (ii) the Directors have selected such Accounting Policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, as at the end of the financial year on 31<sup>st</sup> March 2011 and of the Profit of the Company for the said financial year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the Accounts for the financial year ended 31<sup>st</sup> March 2011, on a 'Going Concern basis'.

### Consolidated Financial Statement

The investment in Equity shares of your Company's in its subsidiary, Balmer Lawrie & Co. Ltd. ('BL'), was intended to be temporary and as of now there is no change in such intention. Thus in terms of paragraph 11(a) of the Accounting Standard-21, issued by the Institute of Chartered Accountants of India ('ICAI'), the annual financial statement of your Company has not been consolidated with the financial statement of its subsidiary, i.e., BL and group companies of BL, i.e., subsidiary and joint ventures of BL, which in turn fall under the same group that of your Company.

However, the nature of equity share holding of BL in BL's subsidiary and joint venture companies are not temporary in nature and therefore BL, in terms of the Accounting Standards 21 and 27, issued by ICAI read with Clause 32 of the Listing Agreement of the Stock Exchanges, has consolidated its financial statement with that of its subsidiary and joint venture companies, which has been duly audited by BL's Statutory Auditors. In order to provide an insight about the group's financial performance, such Consolidated Financial Statement of BL along with the Report of the Auditors, is annexed hereto.

### Corporate Governance

Your Company's Equity Shares are listed with the Stock Exchanges since the year-end 2002 & early 2003. Since the days of initial listing, your Company has consistently abided by the various regulations of the Stock Exchanges, including the regulations on Corporate Governance, as provided under Clause 49 of the Listing Agreement. A separate section titled 'Corporate Governance Report' is furnished in 'Annexure 1'.

In terms of Clause 49 of the Listing Agreement, the Statutory Auditors have examined the compliance of Corporate Governance guidelines and issued a certificate, which is annexed to this Report and marked as 'Annexure 2'.

We understand that necessary steps are being taken by the Administrative Ministry, i.e. Ministry of Petroleum & Natural Gas (MOP&NG) for induction of adequate number of independent Directors on the Board of Directors ('the Board') and Audit Committee of your Company.

Further, we would like to report that the Board and the Audit Committee met three times instead of four times and as such on one occasion the gap was more than the stipulated period of four months. The above non compliance was due to delay in replacement of the erstwhile directors, who were nominees of the erstwhile Administrative Ministry, namely, Department of Disinvestment, Ministry of Finance, with the present directors, who are nominees of the present Administrative Ministry, MOP&NG.

### Directors

Last year's Directors' Report, covered changes in composition of the Board till the date of Reporting, i.e., till 25<sup>th</sup> August 2010, which formed a part of your Company's Annual Report for the financial year 2009-10. Thereafter there has been no change in composition of the Board.

Shri P. Kalyanasundaram, a nominee of the Government of India was appointed Director with effect from 13<sup>th</sup> October 2008 and subsequently designated as the Chairman of the Board with effect from 27<sup>th</sup> October 2008. Shri P. Kalyanasundaram will retire by rotation at the ensuing 10th Annual General Meeting and has expressed his willingness to be re-appointed, as a Director of your Company.

### Auditors

Your Company pursuant to Section 617 of the Companies Act, 1956, is a 'Government Company'. Being a Government Company, the power to appoint the Statutory Auditors of your Company, lies with the Comptroller & Auditor General of India ('CAG').

Though the power of such appointment/re-appointment lies with CAG, in terms of Sections 224(8) (aa) and 619 of the Companies Act, 1956, the privilege of determining/fixing remuneration of the Statutory Auditors of a Government Company vests with the members.

Thus the proposal of fixing remuneration of the Auditors, has been included under Ordinary Business in the Notice convening the 10<sup>th</sup> Annual General Meeting of your Company.

The amount of remuneration payable to the Statutory Auditors of your Company would be commensurate with the volume of work involved in conducting audit of Annual Accounts for the financial year 2011-12. Since this cannot be quantified at this stage, the members are requested to authorize the Board of Directors to determine/fix the remuneration payable to the Statutory Auditors. The members may kindly note that in respect of the financial year 2010-11, the Board had fixed ₹ 15,000/-, as remuneration, which is exclusive of applicable service tax and other re-imbursements.

### Reports of the Auditors

You may appreciate that Report of the Statutory Auditors on Annual Accounts of your Company for financial year ended 31<sup>st</sup> March 2011, does not have any reservation, qualification or adverse remark.

The CAG for the financial year 2010-11, has decided not to review the report of the Statutory Auditors on Annual Accounts of your Company for the year ended 31<sup>st</sup> March 2011 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

### Appreciation

Your Directors wish to place on record their appreciation of the continued guidance and support extended by MOP&NG and other Ministries. Your Directors also acknowledge the valuable support and services provided by Balmer Lawrie & Co. Ltd. Your Directors appreciate and value the trust imposed upon them by the members of the Company.

On behalf of the Board of

Registered Office  
21 Netaji Subhas Road,  
Kolkata – 700 001.  
Date: 17th August 2011

P. Kalyanasundaram  
Chairman  
Sukhvir Singh, Director  
K. Subramanyan  
Director

## REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE is about commitment to values and ethical business conduct. It is a set of laws, regulations, processes and customs affecting the way a company is directed, administered, controlled or managed.

Corporate Governance guidelines and best practices have evolved over a period of time. The Cadbury Report on financial aspects of corporate governance, published in the United Kingdom in 1992, was a landmark in the history of Corporate Governance.

IN INDIA, the Confederation of Indian Industry ('CII') took the lead to frame up a Corporate Governance Code, in April 1998, which was followed by the recommendations of "Kumar Mangalam Birla Committee". Such recommendations of the "Kumar Mangalam Birla Committee", led to inclusion of the Code of Corporate Governance under new Clause 49 in the Listing Agreement of the Stock Exchanges, which are applicable for those companies listed with the Stock Exchanges.

The Department of Public Enterprises ('DPE'), brought out 'Corporate Governance Guidelines 2010', which has been made mandatory for non-listed Central Public Sector Enterprises ('CPSEs'). In respect of listed CPSEs, like your Company, which are already complying with the SEBI norms on Corporate Governance – have to comply with the DPE norms on Corporate Governance, only with regard to the provisions which do not exist or contradict with SEBI norms.

### CORPORATE PHILOSOPHY

YOUR COMPANY strives to achieve governance through the system of checks and balances by conducting periodical audits, to ensure that the management takes care of all its stakeholders' aspirations.

YOUR COMPANY'S CORPORATE GOVERNANCE POLICY, is based on the principles of ensuring the following:

- Constitution of a Board of Directors with appropriate composition and size commensurate with the activities of the Company;
- Induction of Directors with adequate qualification and experience/expertise, commensurate with their responsibilities and duties;
- Timely flow of information to the Board and Board Committees to enable them to discharge their functions, effectively;
- Safeguarding integrity of the Company's financial reporting;
- A sound system of internal control;
- Timely and adequate disclosures of all material information concerning the Company to all its shareholders;
- Transparency and accountability;

- Compliance of all applicable Rules and Regulations; and
- Fair and equitable treatment of all its shareholders and investors.

YOUR COMPANY with limited business activity has always strived for better return to its shareholders by strictly governing its activities, in terms of cutting down un-necessary cost and emphasizing on consistent growth in the area of interest income from its bank deposits.

### BOARD OF DIRECTORS (‘THE BOARD’)

The Board manages your Company. It acts as a trustee to the shareholders and other stakeholders and primarily its role is to protect and enhance shareholders value and growth of the organization.

All statutory and other significant and material information are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company as trustee to the shareholders.

### Composition

The Board is comprised of three Non-Executive Directors. Out of them two are nominees of the Promoter, i.e., Government of India, including the Chairman and the third Director is an ex-officio member from the subsidiary of your company, namely, Balmer Lawrie & Co. Ltd.

Steps have been taken for induction of adequate numbers of independent directors on the Board, which is under consideration of the Administrative Ministry of your company, viz., Ministry of Petroleum & Natural Gas, Government of India.

As of 30<sup>th</sup> June 2011, the Board is comprised of the following three Directors:

- a. Shri P. Kalyanasundaram, Chairman;
- b. Shri Sukhvir Singh; and
- c. Shri K Subramanyan

### Shareholdings

The Articles of Association of your Company does not stipulate any holding of Shares in the form of qualification shares by its Directors.

On the date of reporting, none of the Directors hold Equity Shares in your Company.

### Remuneration Policy

None of the Directors receive any remuneration/compensation, including sitting fee, for attending meetings of the Board and/or any Board Committees. Therefore, under the present scenario, the Company does not require to lay down its Remuneration Policy.

**Other Directorship & Committee Positions**

Name of the Director	No. of companies/ bodies corporate, other than the Company, in which the Director holds Directorship.	Membership held by the Director in in various Committees <sup>1</sup> across all companies (including this Company) in which he is a Director	Chairmanship held by the Director in various Committees <sup>1</sup> across all companies (including this Company) in which he is a Director	Chairmanship held by the Director in other Boards	Whether attended the last Annual General Meeting of the Company held on 24 <sup>th</sup> September 2010
Shri P. Kalyanasundaram	NIL	2	1	NIL	Yes
<sup>2</sup> Shri Sukhvir Singh	NIL	2	1	NIL	No
<sup>2</sup> Shri K. Subramanyan	3	4	2	NIL	Yes

1. Pursuant to Clause 49 (1)(c) of the Listing Agreement, only the “Audit Committee” and the “Shareholders’/Investors’ Grievance Committee” are reckoned for evaluating the Committee position.

2. Shri Sukhvir Singh and Shri K. Subramanyan were appointed on the Board with effect from 7<sup>th</sup> June 2010.

**Meetings & Attendances**

**1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011**

The Board met three times during the period from 1<sup>st</sup> April 2010 till 31<sup>st</sup> March 2011. Since there was a delay in replacement of the erstwhile Directors (who were nominees of the erstwhile Administrative Ministry, namely, Department of Disinvestment, Ministry of Finance), with the present Directors (who are the nominees of the present Administrative Ministry, namely, Ministry of Petroleum & Natural Gas), the Board could not met during the quarter, April to June, 2010.

(i) Dates of the Board Meeting, Board Strength and Nos. of Directors Present, in each of the meetings, are given hereunder:

Sl. No.	Date	Board Strength	No. of Directors’ Present
1	5 <sup>th</sup> August 2010	3	3
2	15 <sup>th</sup> November 2010	3	3
3	27 <sup>th</sup> January 2011	3	3

(ii) Attendance of the Directors at the Board and Shareholders meetings, are given hereunder:

Name of the Directors	Board Meetings				Annual General Meeting
	5 <sup>th</sup> August 2010	15 <sup>th</sup> November 2010	27 <sup>th</sup> January 2011	24 <sup>th</sup> September 2010	
Shri P. Kalyanasundaram	Yes	Yes	Yes	Yes	
Shri Sukhvir Singh	Yes	Yes	Yes	No	
Shri K. Subramanyan	Yes	Yes	Yes	Yes	

**Information placed before the Board**

The Board predominantly manages your Company. Certain powers of the Board have been delegated to the Board Committees.

The information, which are normally placed before the Board, are given hereunder –

1. Financial Statements, quarterly and annual;
2. Statutory Audit Report;
3. Internal Audit Report;
4. Secretarial Audit Report;
5. Comments of the Comptroller & Auditor General of India;
6. Status of legal compliance;
7. Terms of reference of the Board Committees;
8. Recommendations of the Board Committees;
9. Policy and Procedure pertaining to deployment of surplus funds and its subsequent amendments; etc.

Effective post meeting follow-ups take place, which are backed by review and reporting process of the action taken/pending issues.

**Code of Conduct**

The Code of Conduct (‘the Code’) for the Directors and Senior Management (who are one level below the Board), came into being, w.e.f. 22<sup>nd</sup> December, 2005. During the twelve months period ended 31<sup>st</sup> March 2011, all the Directors of your Company and the Company Secretary (being the only member in the Senior Management team) have complied with the Code and to that effect have given their individual declaration to the Board. Since, your Company does not have any designated Chief Executive Officer, Shri P. Kalyanasundaram, Chairman, has given a composite declaration on behalf of the Board and Senior Management, which is being furnished in Annexure ‘X’, to this Report.

## Balmer Lawrie Investments Ltd.

### BOARD COMMITTEES

Your Company has three Board Committees, namely, 'Audit', 'Investor's Grievance' and 'Committee for Share transfer, transmission, etc'. The terms of reference of all the three Board Committees were determined by the Board. Matters requiring attention/approval of the Board were placed in the form of Recommendation/Note, signed by all the Committee members, present at the concerned meeting of the Board Committees.

The Role and Composition of these Board Committees, including the number of meetings held and the corresponding attendances at the meetings have been produced below:

### AUDIT COMMITTEE

The Audit Committee was constituted by the Board on 23<sup>rd</sup> September 2002 with terms of reference covering those aspects, which have been stipulated by Securities & Exchange Board of India ('SEBI'). The terms of reference also fully comply with the requirements of Section 292A of the Companies Act, 1956 and Clause 49(IIA) of the Listing Agreement of the Stock Exchanges.

### Composition

Last year's Corporate Governance Report covered changes in composition of the Audit Committee till 30<sup>th</sup> June 2010, which formed a part of your Company's Annual Report for the financial year 2009-10. Thereafter there has been no change in composition of the Audit Committee.

The Committee consists of three Board members. All the three members, including the Chairman of the Committee are Non-Executive Directors.

As of 30<sup>th</sup> June 2011, the Committee is comprised of the following three members:

Names	Position held
Shri K. Subramanyan	Chairman
Shri P. Kalyanasundaram	Member
Shri Sukhvair Singh	Member

The members of the Audit Committee are all financially literate and have expertise in finance and general management matters.

Details of qualification(s) of the Audit Committee Members are as follows:

- (i) Shri K. Subramanyan is a Bachelor of Commerce and a qualified Chartered Accountant (ACA);
- (ii) Shri P. Kalyanasundaram is an LL. B, Masters in Business Administration, Master of Philosophy (Commerce and Social Science), Masters in Economic, Diploma in Public Administration and Ph.D in International Business;
- (iii) Shri Sukhvair Singh is a postgraduate in Economics.

The Company Secretary of your Company, Shri P.K. Ghosh, acts as the Secretary of the Committee.

### Meetings & Attendances

The Committee met three times during the period from 1<sup>st</sup> April 2010 till 31<sup>st</sup> March 2011. Due to the reason as stated under 'Board', the Audit Committee could not meet in May/June 2011, as normally scheduled each year.

- (i) Date of the Meetings, Committee Strength and Nos. of Members Present, in each of the meetings are given hereunder:

Sl. No.	Date	Committee Strength	No. of Members Present
1	5 <sup>th</sup> August 2010	3	3
2	15 <sup>th</sup> November 2010	3	3
3	27 <sup>th</sup> January 2011	3	3

- (ii) Attendance of the Committee Members at the meetings During 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011

Names	Audit Committee Meetings		
	5 <sup>th</sup> August 2010	15 <sup>th</sup> November 2010	27 <sup>th</sup> January 2011
Shri K. Subramanyan	Yes	Yes	Yes
Shri P. Kalyanasundaram	Yes	Yes	Yes
Shri Sukhvair Singh	Yes	Yes	Yes

### Powers & Roles

Powers & Roles of the Audit Committee, includes, the following:

- a. Overseeing the Company's financial reporting process;
- b. Adequacy and correctness of the disclosure made in the financial statements;
- c. Recommendation to the Board, on Audit fees payable to the Statutory Auditors;
- d. Recommendation to the Board, on other fees payable to the Statutory Auditors;
- e. Recommendation to the Board, on appointment and removal of the Internal Auditors;
- f. Recommendation to the Board, on fee payable to the Internal Auditors;
- g. Reviewing the financial statement before submission to the Board, with their recommendation;
- h. Reviewing the Internal Control System;
- i. Reviewing the adequacy of the Internal Audit function;
- j. Reviewing the Internal Audit Report;
- k. Considering other matters, as may be required by the Board; and
- l. Such other role as may be found appropriate by the Board and/or advised under the listing agreement of the Stock Exchanges.

## INVESTORS' GRIEVANCE COMMITTEE

Investors' Grievance Committee was constituted on 29<sup>th</sup> July 2003. The terms of reference of this Committee, was determined by the Board. It has been formed to oversee redressal of Shareholders'/Investors' grievances, on a periodical basis.

### Composition

Last year's Corporate Governance Report covered changes in composition of the Investors Grievance Committee till 30<sup>th</sup> June 2010, which formed a part of your Company's Annual Report for the financial year 2009-10. Thereafter there has been no change in composition of the Investors' Grievance Committee.

The Members of the Committee, including the Chairman are all Non-executive Directors.

As of 30<sup>th</sup> June 2011, the Committee is comprised of the following three members:

Names	Position held
Shri Sukhvir Singh	Chairman
Shri P. Kalyanasundaram	Member
Shri K Subramanyan	Member

### Meetings & Attendance

The Corporate Governance Guidelines have not earmarked any minimum stipulation on the number of meetings to be held in a year.

The Committee met three times during the period from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011.

- i) Date of the Meetings, Committee Strength and Nos. of Members Present, in each of the meetings are given hereunder:

Sl. No.	Date	Committee Strength	No. of Members' Present
1	5 <sup>th</sup> August 2010	3	3
2	15 <sup>th</sup> November 2010	3	3
3	27 <sup>th</sup> January 2011	3	3

- (ii) Attendance of the Committee Members During 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011

Names	Investors' Grievance Committee Meetings		
	5 <sup>th</sup> August 2010	15 <sup>th</sup> November 2010	27 <sup>th</sup> January 2011
Shri Sukhvir Singh	Yes	Yes	Yes
Shri P. Kalyanasundaram	Yes	Yes	Yes
Shri K. Subramanyan	Yes	Yes	Yes

### Compliance Officer

Name	-	Shri P.K. Ghosh
Designation	-	Company Secretary

## SHAREHOLDERS COMPLAINTS

There was no shareholders' complaint pending at the beginning of the financial year, i.e., 1<sup>st</sup> April 2010. During the year 2010-11, your Company has received nine complaints, all of which were resolved before the end of the financial year.

### COMMITTEE OF DIRECTORS FOR SHARE TRANSFER, TRANSMISSION, ETC.

The 'Committee of Directors for Share transfer, transmission etc.', was constituted by the Board, with the sole objective of approving various requests, which have been received from the Shareholders, from time to time, on account of registration of transfer, transmission, split or subdivision/consolidation of shares; issue of duplicate share certificate(s) in lieu of lost, misplaced, torn/defaced share certificate(s); and re-materialization of shares. The Committee consists of three Board members, namely, Shri P. Kalyanasundaram, Shri Sukhvir Singh and Shri K Subramanyan. All such aforesaid approvals were taken by circulation with the consent of any two members of the Committee. The Company Secretary of the Company, who is also the Compliance Officer, oversees the functioning of the Registrar & Share Transfer Agent ('RSTA'), viz., C B Management Services (P) Ltd. and report to the Committee on a weekly basis along with the recommendation/supporting documents furnished by the RSTA.

## GENERAL BODY MEETINGS

During the year under review, the Shareholders met at the Ninth Annual General Meeting ('AGM'), held on 24<sup>th</sup> September 2010, at Kolkata, to, inter-alia, consider and adopt the audited annual accounts for the period ended 31<sup>st</sup> March 2010. Notice of the said Ninth AGM of the Company along with Annual Report and Accounts of the Company and its subsidiaries, were sent to all the Shareholders within the statutory time limit.

- (i) Venue, Time and Details of Special Resolution(s) passed in the last three AGMs'

Year	AGM No.	Venue	Date & Time	Details of the Special Resolution(s) passed
2008	7 <sup>th</sup>	G.D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata-700 019	26 <sup>th</sup> September 2008 at 2.30 p.m.	Nil
2009	8 <sup>th</sup>	G.D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata-700 019	24 <sup>th</sup> September 2009 at 2.30 p.m.	Nil
2010	9 <sup>th</sup>	G.D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata-700 019	24 <sup>th</sup> September 2010 at 2.30 p.m.	Nil

- (ii) Resolutions passed through Postal Ballot Process

During the financial year (2010-11) under review and till the date of consideration of the report, i.e., till 30<sup>th</sup> June 2011, no resolutions have been passed through postal ballot process.

## DISCLOSURES

During the financial year ended 31<sup>st</sup> March 2011, we would like to disclose that –

- (a) Apart from the transactions with its subsidiary, Balmer Lawrie & Co. Ltd. ('BL'), which have been categorically mentioned under Clause 4(ii) of Schedule 9 to the Notes on Accounts, there have been no other material significant Related-Party transactions, during the financial year under review.

Further, the above-mentioned transactions with BL were all carried out at arm's length and the disclosures have been made in accordance with the Accounting Standard (AS)-18;

- (b) There have been no instances of non-compliance by the Company on capital market related matters and no penalty or stricture have been imposed upon the Company by the Stock Exchanges or SEBI or any other statutory authorities during the financial year under review, except there is a non-compliance on the part of minimum number of Board meetings as envisaged under section 285 of the Companies Act, 1956, reason of which has already been reported under 'Meetings and Attendance of the Board' herein;
- (c) There was no substantial default in the payments to the Shareholders and Creditors of the Company;
- (d) The Company has not accepted any deposit from the Public;
- (e) The Company, in compliance with the provisions of the Companies Act, 1956, has filed all returns, documents and forms in electronic mode with the Ministry of Corporate Affairs;
- (f) 'Reconciliation of Share Capital Audit' was carried out on quarterly basis by M/s D. Dutt & Co, Company Secretaries. This audit confirms that the total issued/paid-up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL;
- (g) The Company on 22<sup>nd</sup> December 2005, has laid down a Code of Conduct for its Board members and the Senior Management;
- (h) None of the Directors are holding any Equity Share in the Company;
- (i) The Company has no functional Directors. None of the Directors receive any remuneration/compensation including sitting fee (for attending Board/Board Committee Meetings) from the Company; and
- (j) The Company has so far, not adopted any non-mandatory requirement (as being listed under Clause 49 of the Listing Agreement) including the 'Whistle Blower Policy'.

## MEANS OF COMMUNICATIONS

The quarterly results (un-audited) were submitted to the Stock Exchanges within a period of 45 days from the end of each quarter. Such financial results, whether quarterly or annual, were published in 'The Financial Express' (English), 'Aajkal' (Bengali) and 'Janasatta' (Hindi), within the statutory time limit of 48 hours from the closure of Board Meetings (where such results have been approved). The audited financial results for the year ended 31<sup>st</sup> March 2011 (together with statement of Assets and Liabilities as on the said date and percentage of dividend recommended by the Board) were submitted to the Stock Exchanges on 30<sup>th</sup> May 2011 and subsequently published in the newspapers on 31<sup>st</sup> May 2011 (English and Bengali) and 1<sup>st</sup> June 2011 (Hindi).

The Company's corporate website, [www.blinv.com](http://www.blinv.com), provides comprehensive portfolio of the Company, including information on financial results (quarterly and annual), Report of the Auditors and Directors on the annual financial results, statutory information under Right to Information Act, 2005 and information on compliance of Code of Conduct for the Board members and Senior Management of the Company. All these information are updated on the aforesaid corporate website on a regular basis.

## SHAREHOLDERS' INFORMATION

AGM Details	
<b>Date &amp; Time</b>	23 <sup>rd</sup> September 2011 at 2.30 pm.
<b>Venue</b>	G. D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata-700 019
<b>Book Closer Dates</b>	16 <sup>th</sup> September 2011 to 23 <sup>rd</sup> September 2011 (both days inclusive)

## Financial Calendar

Financial Year 2011-12		
1	Annual General Meeting	23 <sup>rd</sup> September 2011 (since scheduled)
2	First quarterly results	5 <sup>th</sup> August 2011 (since held)
3	Second quarterly results	End October/ early November 2011
4	Third quarterly results	End January/early February 2012
5	Annual Results	May 2012

## Share Transfer Procedure

The 'Committee of Directors for Share transfer, transmission, etc.', has been given the authority to approve all requests received from the shareholders for registration of physical share transfer, transmission, subdivision/consolidation of shares; issue of duplicate share certificate in lieu of lost,

misplaced, torn and defaced share certificates, re-materialization, etc. The 'Committee of Directors for Share transfer, transmission etc.', consists of three non-executive Directors, namely, Shri P. Kalyanasundaram, Shri Sukhvir Singh and Shri K. Subramanyan. The 'Committee of Directors for Share transfer, transmission etc.', considers such request on a weekly basis (twice in a week subject to receipt of such request from the shareholders). Shri P K Ghosh, Company Secretary, is the Compliance Officer under Clause 47 of the Listing Agreement of the Stock Exchanges. As of 31<sup>st</sup> March 2011, there are no share transfers pending for consideration. In order to have an effective control over the share related activities carried out by the Company's Registrar & Share transfer Agent, C B Management Services (P) Ltd., a monthly audit is carried out at the instance of the Company by a firm of Company Secretaries.

**Registrar & Share Transfer Agent**

The share registry functions, in both, physical and de-mat segments are handled by a single common agency, namely, C B Management Services (P) Ltd ('CB'). CB is registered with SEBI and is based in Kolkata, having its corporate office at P-22, Bondel Road, Kolkata – 700 019.

**Listing of Equity Shares**

The Equity Shares of the Company are listed on Calcutta and Bombay Stock Exchanges, details whereof are given hereunder:

Stock Exchanges	Stock Code
Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Kolkata – 700 001 Website: www.cse-india.com	12638
Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Website: www.bseindia.com	532485

Listing fees for the current financial year 2011-12, have already been paid to both the Stock Exchanges.

Equity Shares of your Company are actively traded in Bombay Stock Exchange Ltd.

**Dematerialization of Shares and Liquidity**

The Equity Shares of your Company are to be traded compulsorily in dematerialised mode and are available for trading, in both the Depository systems in India, i.e., National Securities Depository Ltd. ('NSDL') and Central Depository Services (India) Ltd. ('CDSL'). ISIN number allotted to your Company is INE 525F01017.

Your Company, for the current financial year 2011-12, has paid the annual custody fees to both the Depositories, NSDL and CDSL.

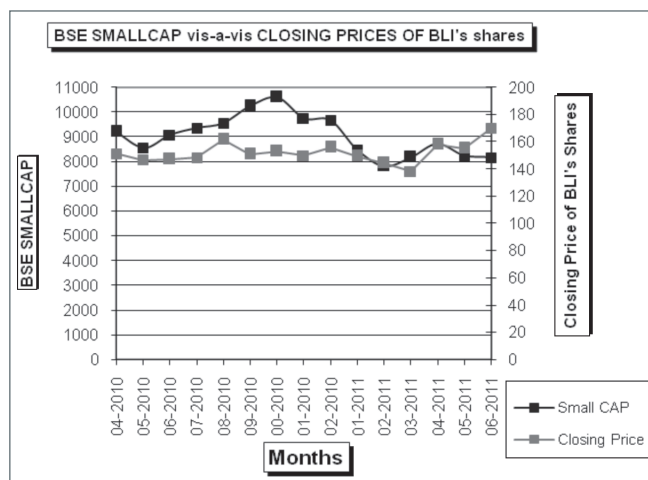
As of 30<sup>th</sup> June 2011, the distribution of Equity Shares held in physical and dematerialised mode, are produced below:

Mode	Nos.	% (on total paid-up capital)
Physical	10,99,568	4.95
De-mat		
i. NSDL	49,27,251	22.20
ii. CDSL	1,61,70,450	72.85
Total	2,21,97,269	100.00

**Monthly High and Low quotes on Bombay Stock Exchange Ltd. ('BSE') during the period from April 2010 to June 2011**

Month (2010)	High (₹)	Low (₹)	Month (2011)	High (₹)	Low (₹)
April	157.50	136.65	January	158.00	145.25
May	153.90	137.00	February	155.80	138.00
June	150.45	135.00	March	153.40	135.20
July	154.00	143.25	April	160.00	137.00
August	174.00	148.25	May	159.50	152.50
September	171.90	146.20	June	171.80	154.50
October	162.00	147.20			
November	159.85	140.10			
December	158.00	140.20			

**Comparative Analysis of BSE SMALLCAP Index & Market prices (monthly closing) of the Equity Shares of the Company, as quoted on BSE**



## Balmer Lawrie Investments Ltd.

### Categories of Shareholders As of 30<sup>th</sup> June 2011

Category	Total no. of Equity shares	% (On the total Equity holding)
Promoter & its Associates: President of India (including its nominees)	1,32,46,098	59.67
Foreign National/NRI	1,39,298	0.63
Indian Financial Institution, Mutual Fund & Banks	34,857	0.16
Insurance Companies	5,50,893	2.48
Foreign Institutional Investors	5,91,765	2.67
Bodies Corporate: Domestic Companies	36,44,975	16.42
Foreign Companies	–	–
Others	39,89,383	17.97
Total	2,21,97,269	100.00

### Distribution of Shareholding As of 30<sup>th</sup> June 2011

Range of shares	No. of Shares	% (on the total number of Shares)	No. of Shareholders in each category	% (on total number of Shareholders)
1-500	8,52,700	3.84	11167	90.63
501-1000	4,25,902	1.92	563	4.57
1001-2000	4,02,137	1.81	280	2.27
2001-3000	2,41,593	1.09	98	0.80
3001-4000	1,55,383	0.70	44	0.36
4001-5000	1,27,994	0.58	28	0.23
5001-10000	4,71,500	2.12	63	0.51
10001-50000	12,28,115	5.53	56	0.45
50001-100000	5,51,739	2.48	8	0.07
100001 and above	1,77,40,206	79.92	14	0.11
Total	2,21,97,269	100.00	12321	100.00

### Dividend History & Amount of Unclaimed Dividend - to be transferred to the 'Investors' Education & Protection Fund'

Leaving apart the first financial year, 2001-02, your Company has been consistently paying dividend to its shareholders.

The Company paid its maiden dividend out of the Profits derived from the second financial year 2002-03. An amount of ₹ 86,072 was lying in the Un-paid dividend 2002-03, which was transferred to the 'Investors Education & Protection Fund' on 8<sup>th</sup> November 2010.

The amount of dividend paid, since the third financial year, i.e., 2003-04 and the corresponding amount of unclaimed dividend lying as of 31<sup>st</sup> March 2011, are given hereunder:

Date on which, dividend declared/ Financial year	Total amount of Dividend (in ₹) & %	Date of transfer to the unpaid dividend account	Amount of unclaimed dividend as of 31 <sup>st</sup> March 2011 (In ₹)	% Of unclaimed dividend to total dividend	Due date of transfer to the 'Investors' Education & Protection Fund'
24 <sup>th</sup> September 2004 2003-04	1,77,57,815.00 8%	30 <sup>th</sup> October 2004	2,18,059.80	1.23	30 <sup>th</sup> October 2011
23 <sup>rd</sup> September 2005 2004-05	2,21,97,269.00 10%	29 <sup>th</sup> October 2005	2,77,886.00	1.25	29 <sup>th</sup> October 2012
21 <sup>st</sup> September 2006 2005-06	3,77,35,357.00 17%	27 <sup>th</sup> October 2006	4,56,272.50	1.21	27 <sup>th</sup> October 2013
31 <sup>st</sup> January 2007 2006-07 (Interim)	2,21,97,269.00 10%	8 <sup>th</sup> March 2007	2,78,674.00	1.25	7 <sup>th</sup> March 2014
25 <sup>th</sup> September 2007 2006-07 (Final)	3,99,55,084.20 18%	31 <sup>st</sup> October 2007	4,71,346.20	1.18	31 <sup>st</sup> October 2014
30 <sup>th</sup> January 2008 2007-08 (Interim)	6,65,91,807.00 30%	8 <sup>th</sup> March 2008	7,82,127.00	1.17	8 <sup>th</sup> March 2015
26 <sup>th</sup> September 2008 2007-08 (Final)	3,32,95,903.00 15%	1 <sup>st</sup> November 2008	4,09,653.00	1.23	1 <sup>st</sup> November 2015
24 <sup>th</sup> September 2009 2008-09	14,20,62,521.60 64%	30 <sup>th</sup> October 2009	17,19,184.60	1.21	30 <sup>th</sup> October 2016
24 <sup>th</sup> September 2010 2009-10	16,86,99,244 76%	30 <sup>th</sup> October 2010	19,36,654.80	1.15	30 <sup>th</sup> October 2017

Receipt of Dividend through  
National Electronic Clearing Services ('NECS')

Your Company, in terms of SEBI circular no. DCC/FITT/CIR-3/2001 dated 15<sup>th</sup> October 2001, pays dividend in both the modes, i.e., by way of warrant and electronic transfer, which is now commonly known as NECS mode.

Your Directors for the financial year ended 31<sup>st</sup> March 2011, have recommended a dividend @ 85%, i.e., ₹ 8.50 per Equity Share of ₹ 10/- each, fully paid up, which is subject to declaration by the shareholders at the Tenth Annual General Meeting of the Company. If dividend is declared by the Shareholders, then the same shall be paid within thirty days from the date of its declaration.

The Shareholders can avail the facility of receiving dividend through NECS and for which the shareholders are requested to submit their NECS mandate form latest by 9<sup>th</sup> September 2011, at the following address:

C B Management Services (P) Ltd.  
Unit: Balmer Lawrie Investments Ltd.,  
P-22, Bondel Road,  
Kolkata- 700 019

**Address  
for Correspondences**

All communications relating to Share matters shall be addressed to –

Either –  
C B Management Services (P) Ltd.  
Unit: Balmer Lawrie Investments Ltd.,  
P-22, Bondel Road,  
Kolkata- 700 019  
E-mail: [ta@cbmsl.com](mailto:ta@cbmsl.com)

Or-

The Company Secretary  
Balmer Lawrie Investments Ltd.,  
21, Netaji Subhas Road,  
Kolkata – 700 001  
E-mail: [blinvestors@balmerlawrie.com](mailto:blinvestors@balmerlawrie.com)

Certification by the Chairman of the Board &  
Chairman of the Audit Committee

It may be pertinent to note that Clause 49 of the Listing Agreement dealing with Corporate Governance guidelines has stipulated that the Chief Executive Officer, i.e., Managing Director or Manager, appointed in terms of the Companies Act, 1956 and the Chief Financial Officer, i.e., the whole-time Finance Director or any other person heading the Finance function, shall certify on aspects concerning the financial statements for the financial year ended 31<sup>st</sup> March 2011, including the Cash Flow Statement.

Your Company neither has a Managing Director nor a Whole-time Finance director on its Board. By virtue of the Service Agreement with Balmer Lawrie & Co. Ltd., your Company receives all sorts of services in the nature of Accounts, Finance, Taxation, Administration etc., from the former. Since the responsibility has been laid on the reporting Company therefore under this situation the requisite certificate was obtained from the Chairman of the Board and the Chairman of the Audit Committee of your Company.

The referred certificate given by Shri P. Kalyanasundaram, Chairman of the Board and Shri K. Subramanyan, Chairman of the Audit Committee is furnished in Annexure 'Y'.

Annexure 'X'

Declaration by the Chairman of the Board on compliance of the Code of Conduct by the Board members and Senior Management

I, P. Kalyanasundaram, Chairman of the Board, to the best of my knowledge and belief would like to confirm that myself, all other Directors and the Company Secretary (only member of the senior management team) of the Company have affirmed compliance with the applicable Code of Conduct for the year ended 31<sup>st</sup> March 2011.

Date: 11<sup>th</sup> July 2011  
Kolkata

P. Kalyanasundaram  
Chairman  
Board

Annexure 'Y'

Certification by the Chairman of the Board &  
Chairman of the Audit Committee to the Board

We, P. Kalyanasundaram, Chairman of the Board and K. Subramanyan, Chairman of the Audit Committee, have reviewed the audited financial results of the Company for the year ended 31<sup>st</sup> March 2011 and certify that to the best of our knowledge and belief, the said results.

- (1) Do not contain any false or misleading statement or figures; and
- (2) Do not omit any material facts, which might make the statements or figures contained therein misleading.

Date: 30<sup>th</sup> May, 2011  
Kolkata

P. Kalyanasundaram  
Chairman  
Board

K. Subramanyan  
Chairman  
Audit Committee

**Auditors' Certificate on Corporate Governance  
To the Members of Balmer Lawrie Investments Ltd.**

**Annexure - '2'**

We have examined the compliance of Corporate Governance by Balmer Lawrie Investments Ltd., for the financial year 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India, and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of 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 hereby certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements, except, the followings:

1. The statutory minimum requirements of the Board Meetings and the maximum time gap of 4 months between two consecutive meetings have not been duly complied with. As per the information/explanation given to us, such non-compliance was due to delay in replacement of the erstwhile Directors with the present Directors, which was made in line with the change of Administrative Ministry of the Company in the year 2006.

2. The statutory minimum requirements of the Audit Committee Meetings and the maximum time gap 4 months between two consecutive meetings have not been duly complied with. As per the information/explanation given to us, such non-compliance was due to the reason as mentioned above.

3. Since the Chairman of the Board of Directors of the Company being a non-executive Director, at least one-third of the Board should comprise of independent Directors. But in the present instance none of the Directors are of independent category. However, as per the information and explanation received, the Administrative Ministry, i.e., Ministry of Petroleum and Natural Gas, has taken the initiative of inducting adequate number of independent Directors on the Board of the Company.

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

For J. Gupta & Co.  
Chartered Accountants  
Firm Reg. No.: 314010E

S. P. Datta  
Partner

Kolkata  
July 28<sup>th</sup>, 2011

Membership No. 13852

**AUDITOR'S REPORT**  
to the members of Balmer Lawrie Investments Ltd.

1. We have audited the attached Balance Sheet of **Balmer Lawrie Investments Limited** as at 31<sup>st</sup> March, 2011, the related Profit & Loss Account for the year ended on that date and the Cash Flow Statement annexed thereto. 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.
2. 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 mis-statement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the 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.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956, as amended by Companies (Auditor's Report) (Amendment) Order, 2004, we enclose in the Annexure, a statement on the matter specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - iv) In our opinion, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956;
  - v) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 and
    - b) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date and,
    - c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place : Kolkata  
Date : 30<sup>th</sup> May, 2011

For J. Gupta & Co.  
Chartered Accountants  
Firm Registration No. 314010E  
S. P. Datta  
Partner  
Membership No. 13852

**ANNEXURE referred to in  
Paragraph (3) of our report of even date**

1. (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and accordingly, paragraph 4(iii) (b), (c) and (d) of the Order are not applicable.  
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act and accordingly, paragraph 4(iii) (e),(f) and (g) of the Order are not applicable.
2. In our opinion and according to the information and explanations given to us there is an adequate internal control procedure commensurate with the size of the Company.
3. According to information and explanations given to us, there has been no contract and arrangement during the year, the particulars of which need to be entered into the register maintained under Section 301 of the Act.
4. The Company has not accepted any deposit from the public and hence the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules made there under are not applicable to the Company.
5. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
6. (a) According to the Company's records undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess have generally been regularly deposited with the appropriate authorities.  
(b) According to the information and explanations given to us, there were no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues outstanding as on 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.  
(c) According to the records of the company, there are no outstanding dues of income tax, sales-tax, wealth tax, service tax, custom duty, excise duty and cess as on 31<sup>st</sup> March, 2011 on account of any dispute.
7. The Company has no accumulated losses as on 31<sup>st</sup> March, 2011 and it has also not incurred cash losses in the current financial year and in the immediately preceding financial year.
8. In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
9. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
10. The company is not carrying on the business of a chit fund and is also not a nidhi/mutual benefit fund/society.
11. Though the Company is a non-banking finance company under the Reserve Bank of India Act, 1934, it is not in the business of trading in securities, debentures and other investments, in terms of the notification issued by the Reserve Bank of India.
12. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
13. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
14. The Company has not raised any fund by way of issue of debentures.
15. The Company has not raised any money by public issues.
16. Based upon the audit procedures performed and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the financial year 2010-2011.
17. No other clause of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government, is applicable.

For J. Gupta & Co.  
Chartered Accountants  
Firm Registration No. 314010E  
S. P. Datta  
Partner  
Membership No. 13852

Place : Kolkata  
Date : 30<sup>th</sup> May, 2011

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**  
**Under Section 619(4) of the Companies Act, 1956 on the Accounts of**  
**Balmer Lawrie Investments Limited, Kolkata for the year ended 31 March 2011.**

The preparation of financial statements of Balmer Lawrie Investments Limited, Kolkata for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956, based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 May 2011.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Balmer Lawrie Investments Limited, Kolkata for the year ended 31 March 2011 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on behalf of the  
Comptroller & Auditor General of India

Place : Kolkata  
Date : 15 June, 2011

Sd./-  
(Nandana Munshi)  
Principal Director of Commercial Audit  
& Ex-officio Member, Audit Board – I.  
Kolkata

**BALANCE SHEET**  
as at 31<sup>st</sup> March, 2011

**SCHEDULES**

		₹		₹		As at
						31 <sup>st</sup> March 2010
		₹		₹		₹
<b>Sources of Funds</b>						
Shareholders' Funds						
Share Capital	1	22,19,72,690		22,19,72,690		
Reserves and Surplus	2	32,15,41,265		26,79,36,353		
			54,35,13,955			48,99,09,043
			<u>54,35,13,955</u>			<u>48,99,09,043</u>
<b>Application of Funds</b>						
Investments	3		32,67,77,030			32,67,77,030
Net Current Assets						
Current Assets, Loans and Advances						
Cash and Bank Balances	4	40,50,07,556		32,69,77,105		
Loans and Advances	5	80,42,840		1,09,02,588		
			<u>41,30,50,396</u>			<u>33,78,79,693</u>
Less : Current Liabilities and Provisions	6					
Current Liabilities		76,36,684		60,48,436		
Provisions		18,86,76,787		16,86,99,244		
			<u>19,63,13,471</u>			<u>17,47,47,680</u>
Net Current Assets			21,67,36,925			16,31,32,013
			<u>54,35,13,955</u>			<u>48,99,09,043</u>
<b>Notes on Accounts</b>	<b>9</b>					
<b>Significant Accounting Policies</b>	<b>10</b>					

*The Schedules referred to above form part of the Accounts.*

*In terms of our report of even date attached herewith*

On behalf of the Board

For J GUPTA & CO.  
Chartered Accountants  
Firm Registration No. 314010E

P. Kalyanasundaram  
*Chairman*

S P Datta  
(Partner)  
Membership No. 13852  
Kolkata, the 30<sup>th</sup> May, 2011

Sukhvir Singh  
K. Subramanyan  
*Directors*

P. K. Ghosh  
*Secretary*

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31<sup>st</sup> March, 2011

SCHEDULES		₹	As at 31 <sup>st</sup> March 2010 ₹
<b>Income</b>			
Other Income	7	25,30,29,370	22,16,42,084
<b>Expenditure</b>			
General Expenditure	8	45,65,672	46,18,194
Profit before taxation		24,84,63,698	21,70,23,890
Provision for Taxation - Current		61,82,000	59,03,000
Provision for Taxation - Deferred		-	-
Profit after taxation		24,22,81,698	21,11,20,890
Balance Brought Forward		1,18,02,014	1,16,05,367
Available for Appropriation		25,40,83,712	22,27,26,257
Interim Dividend		-	-
Proposed Final Dividend		18,86,76,787	16,86,99,244
Corporate Tax on Dividend		-	-
Transfer to Reserve Fund		4,84,57,000	4,22,25,000
Balance Carried Forward		1,69,49,925	1,18,02,013
Earnings Per Share (₹) [Basic & Diluted]		10.91	9.51
<b>Notes on Accounts</b>	<b>9</b>		
<b>Significant Accounting Policies</b>	<b>10</b>		

*The Schedules referred to above form part of the Accounts.*

*In terms of our report of even date attached herewith*

On behalf of the Board

For J GUPTA & CO.  
Chartered Accountants  
Firm Registration No. 314010E

P. Kalyanasundaram  
*Chairman*

S P Datta  
(Partner)  
Membership No. 13852  
Kolkata, the 30<sup>th</sup> May, 2011

Sukhvir Singh  
K. Subramanyan  
*Directors*

P. K. Ghosh  
*Secretary*

**SCHEDULES forming part of the Balance Sheet as at 31<sup>st</sup> March 2011**

				As at 31 <sup>st</sup> March 2010
SCHEDULE 1	SHARE CAPITAL	₹	₹	
<b>Authorised</b>				
	2,50,00,000 Equity shares of ₹ 10 each	25,00,00,000	25,00,00,000	
<b>Issued, Subscribed and Paid up</b>				
	2,21,97,269 Equity Shares of ₹ 10 each fully paid up	22,19,72,690	22,19,72,690	
	* Out of the above, 2,21,47,269 Equity Shares of ₹ 10 each was allotted as fully paid shares pursuant to Scheme of Arrangement & Reconstruction between IBP Co. Ltd. and Balmer Lawrie Investments Limited and their respective shareholders and creditors in terms of sections 391 to 394 of the Companies Act,1956.			
		<u>22,19,72,690</u>	<u>22,19,72,690</u>	
<b>SCHEDULE 2 RESERVES AND SURPLUS</b>				
	Capital Reserve	10,53,04,340	10,53,04,340	
	Balance available as per Scheme of Arrangement & Reconstruction between IBP Co. Ltd. and Balmer Lawrie Investments Limited and their respective shareholders and creditors in terms of Section 391 to 394 of the Companies Act,1956 on reconstruction of IBP Co. Ltd.			
	Reserve Fund			
	As per last Account.	15,08,30,000	10,86,05,000	
	Add: Transferred From Profit and Loss Account.	4,84,57,000	4,22,25,000	15,08,30,000
	Profit and Loss Account	1,69,49,925		1,18,02,013
		<u>32,15,41,265</u>		<u>26,79,36,353</u>
<b>SCHEDULE 3 INVESTMENTS</b>				
Long Term Investments				
Trade Investments				
Investment in Subsidiary Company				
Balmer Lawrie & Co. Ltd.(Quoted)				
Fully Paid up-as per Scheme of Arrangement & Reconstruction between IBP Co. Ltd. and Balmer Lawrie Investment Ltd. and their respective shareholders and creditors in term of Sections 391 to 394 of the Companies Act,1956.				
	1,00,64,700 Equity Shares of ₹ 10 each	32,67,77,030	32,67,77,030	
		<u>32,67,77,030</u>	<u>32,67,77,030</u>	
	Market Value of Investments	<u>531,36,58,365</u>	<u>606,44,84,985</u>	
<b>SCHEDULE 4 CASH AND BANK BALANCES</b>				
With Scheduled Banks				
	In Current Accounts	84,57,698	31,66,327	
	In Short term Deposit Account	39,00,00,000	31,90,00,000	
	In Dividend Accounts	65,49,858	48,10,779	
		<u>40,50,07,556</u>	<u>32,69,77,105</u>	

**SCHEDULES forming part of the Balance Sheet as at 31<sup>st</sup> March 2011**

		As at 31 <sup>st</sup> March 2010
<b>SCHEDULE 5</b>	<b>LOANS AND ADVANCES</b>	₹
Advances		
Unsecured		
Considered Good		
Subsidiary Company		
Others	35,12,521	91,99,136
Advance payment of tax	45,30,319	17,03,452
	<u>80,42,840</u>	<u>1,09,02,588</u>
<b>SCHEDULE 6</b>	<b>CURRENT LIABILITIES AND PROVISIONS</b>	
Current Liabilities		
Sundry Creditors		
– Due to Small Scale Industries	–	–
– Due to others	10,86,826	12,37,657
Investor Education and Protection Fund shall be credited by the following amount :		
– Unclaimed Dividend [ Refer Note below ]	65,49,858	48,10,779
	<u>76,36,684</u>	<u>60,48,436</u>
Provisions		
Proposed Final Dividend	18,86,76,787	16,86,99,244
Taxation (net of advances - Nil (₹ 2009-10 - Nil )	<u>18,86,76,787</u>	<u>16,86,99,244</u>
	<u>19,63,13,471</u>	<u>17,47,47,680</u>

Note : There is no amount due and outstanding as at the Balance Sheet Date to be credited to Investor Education & Protection Fund.

**SCHEDULES forming part of the Profit & Loss Account for the year ended 31<sup>st</sup> March 2011**

<b>SCHEDULE 7</b>	<b>OTHER INCOME</b>	2009-10
	₹	₹
Income from Investments		
Dividend	23,14,88,100	20,12,94,000
Interest on Deposit [Tax deducted at source ₹ 29,99,309] (2009/10- ₹ 42,13,199 )	2,14,93,817	2,03,48,084
Misc. Income	47,453	–
	<u>25,30,29,370</u>	<u>22,16,42,084</u>
<b>SCHEDULE 8</b>	<b>GENERAL EXPENDITURE</b>	
Salaries & Wages,Welfare Expenses	7,44,437	8,60,613
Contribution to Provident & Other Funds	1,06,857	89,431
Service Charges	19,85,400	19,46,795
Listing Fees & Other Fees	2,90,362	4,15,376
Bank Charges	1,303	2,896
Auditor's Remuneration and Expenses	35,850	38,709
Travelling Expenses	2,99,594	2,02,208
Printing and Stationery	3,85,987	4,11,249
Telephone,Telex,Postage,Cables and Telegrams	3,36,622	2,79,076
Miscellaneous Expenses	3,79,260	3,71,842
	<u>45,65,672</u>	<u>46,18,194</u>

NOTES ON ACCOUNTS

SCHEDULE 9

1. The Company is the holding company of Balmer Lawrie & Co. Limited (BL) by virtue of its acquiring 61.8% Equity shares of BL from IBP Co. Ltd, through a scheme of Arrangement and Reconstruction between IBP Co. Ltd., Balmer Lawrie Investments Limited and their respective shareholders and creditors in terms of Sections 391 to 394 of the Companies Act, 1956. The scheme became effective on 5 February, 2002 with an appointed date of 15<sup>th</sup> October, 2001.

2. 1,32,46,098 Equity Shares are held by President of India (including its nominees).

3. **Auditors' remuneration represents :**

	₹	₹
Statutory Auditors		
– Audit Fees	16,545	16,545
– Tax Audit Fees	5,515	5,515
– Limited review and other certification jobs	13,790	16,649
	35,850	38,709

[ Includes Service Tax paid / payable amounting to ₹ 3350 ( ₹ 3709 ) ]

4. Related party disclosure

i) **Name of Related Party**

Balmer Lawrie & Co. Limited (BL)  
Balmer Lawrie (UK) Ltd. (BL - UK)  
PT. Balmer Lawrie - Indonesia

Transafe Services Ltd.

Balmer Lawrie-Van Leer Ltd.  
Balmer Lawrie (UAE) LLC.  
Avi - Oil India (P) Ltd.  
Proseal Closures Ltd.

**Nature of Relationship**

Subsidiary Company  
Wholly Owned Subsidiary of BL  
An Associate on which the (BL-UK) is having significant influence.  
An Associate on which the subsidiary of the Company is having significant influence  
- Do -  
- Do -  
- Do -  
Subsidiary of Balmer Lawrie Van Leer Ltd.

ii) **Transactions/Balances with Related Parties**

Type of Transaction	Subsidiary (BL)	
		₹
a) Purchase of Goods	31/03/11	1,44,500
	31/03/10	1,12,500
b) Value of Services Received	31/03/11	18,12,134
	31/03/10	17,96,266
c) Dividend Income	31/03/11	23,14,88,100
	31/03/10	20,12,94,000
d) Investment in Shares as on	31/03/11	32,67,77,030
	31/03/10	32,67,77,030
e) Amount incurred on a/c of Salaries etc. of employees deputed or otherwise	31/03/11	8,64,226
	31/03/10	8,45,517
f) Outstanding Payable	31/03/11	1,84,699
	31/03/10	5,28,836

5. The Company holds 61.8% shares of Balmer Lawrie & Co. Ltd. (BL). However, since the control in BL is intended to be temporary because the Subsidiary (BL) has been acquired and held exclusively with a view to its subsequent disposal in future, Consolidated Financial Statements of the company with BL has not been drawn in terms of para 11 (a) of Accounting Standard – 21 – Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

6. **Segment Reporting**

The Company's only business is investment in its subsidiary Balmer Lawrie & Co. Limited, and hence segment reporting as envisaged by Accounting Standard 17 issued by the Institute of Chartered Accountants of India is not applicable to the company.

7. **Earnings per share**

- Earnings per share of the company has been calculated considering the Profit after taxation of ₹ 24,22,81,697 as the numerator. (Previous year ₹ 21,11,20,889).
- The weighted average number of equity shares used as denominator is 2,21,97,269 (Previous year 2,21,97,269).
- Earnings per share ( Basic and Diluted ) for the year on the above mentioned basis comes to ₹ 10.91(Previous year ₹ 9.51)

8. **Miscellaneous Expenses (Schedule 8) represent :**

	2010-11 ₹	2009-10 ₹
Statutory Publication	1,68,625	1,86,981
Gift & Presentation	1,51,409	1,18,023
Other Misc. Expenses	59,226	66,838
	3,79,260	3,71,842

9. Previous year's figures have been re-grouped or re-arranged wherever so required to make them comparable with current year figures.

**SIGNIFICANT ACCOUNTING POLICIES**

**SCHEDULE 10**

**1. Valuation of Investments**

The Investments made by the company appear at cost inclusive of acquisition charges. Provision is made for diminution in value, if any, considering the nature and extent of temporary/permanent diminution.

**2. Recognition of Revenue**

Revenue is recognised in compliance with the following:

- i) Dividend from investments – on establishment of the Company’s right to receive.
- ii) Interest – on a time proportion basis taking into account the outstanding principal and the relative rate of interest.

**3. Accounting for Borrowing Cost**

Borrowing Costs, if any, that are directly attributable to the acquisition, construction or production of assets which take substantial period of time to get ready for its intended use are capitalised as part of the cost of these assets. Other borrowing costs are recognised as expense in the period in which they are incurred.

*In terms of our report of even date*

On behalf of the Board

For J GUPTA & CO.  
Chartered Accountants  
Firm Registration No. 314010E

P. Kalyanasundaram  
*Chairman*

S P Datta  
(Partner)  
Membership No. 13852  
Kolkata, the 30<sup>th</sup> May, 2011

Sukhvir Singh  
K. Subramanyan  
*Directors*

P. K. Ghosh  
*Secretary*

**CASH FLOW STATEMENT**  
for the year ended 31<sup>st</sup> March, 2011

(₹ in Lakhs)

	Year Ended March 31 <sup>st</sup> , 2011	Year Ended March 31 <sup>st</sup> , 2010
<b>A Cash flow from Operating Activities</b>		
<b>Net Profit before Tax/Operating Profit before Working Capital Changes</b>	2,485	2,170
Trade and Other Receivables	56	7
Trade Payables	(1)	5
<b>Cash Generated from Operations</b>	2,540	2,182
Direct Taxes Paid	(90)	(63)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	2,450	2,119
<b>B Cash Flow from Investing Activities</b>	-	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	-	-
<b>C Cash Flow from Financing Activities</b>		
Dividend Paid	(1,670)	(1,403)
Corporate Tax on Dividend	-	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	(1,670)	(1,403)
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	780	716
<b>CASH &amp; CASH EQUIVALENTS - OPENING BALANCE</b>	3,270	2,554
<b>CASH &amp; CASH EQUIVALENTS - CLOSING BALANCE</b>	4,050	3,270

**NOTES ON CASH FLOW STATEMENT**

**1. Component of Cash and Cash equivalent**

Cash and Bank Balances	4,050	3,270
	4,050	3,270
Changes	780	716

On behalf of the Board

For J GUPTA & CO.  
Chartered Accountants  
Firm Registration No. 314010E

P. Kalyanasundaram  
*Chairman*

S P Datta  
(Partner)  
Membership No. 13852  
Kolkata, the 30<sup>th</sup> May, 2011

Sukhvir Singh  
K. Subramanyan  
*Directors*

P. K. Ghosh  
*Secretary*



**Statement Regarding Subsidiary Company  
Pursuant to Section 212(1) of the Companies Act, 1956**

**Balmer Lawrie & Co. Ltd.**

₹

a) Holding Company's Interest:	
1,00,64,700 Equity shares of ₹ 10 each fully paid up at cost	32,67,77,030
b) Net aggregate amount of Subsidiary's profit/(loss) not dealt with in the Holding Company's accounts :	
I) for the subsidiary's financial year ended 31 <sup>st</sup> March, 2011	74,83,27,683
II) for the previous financial years (Cumulative)	301,15,56,584
c) Net aggregate amount of Subsidiary's profit/(loss) dealt with in the Holding Company's accounts :	
I) for the subsidiary's financial year ended 31 <sup>st</sup> March, 2011	23,14,88,100
II) for the previous financial years (Cumulative)	73,87,48,980

On behalf of the Board

P. Kalyanasundaram  
*Chairman*

Sukhvir Singh  
K. Subramanyan  
*Directors*

P. K. Ghosh  
*Secretary*

Kolkata, the 30<sup>th</sup> May, 2011

Report & Accounts of  
**BALMER LAWRIE & CO. LTD.**  
for the financial year ended 31st March, 2011

**Directors' Report**

The Directors have pleasure in presenting the 94th Report on the state of affairs of your Company for the financial year ended 31 March 2011, together with the audited Balance Sheet and Profit & Loss Account of the Company.

**Overall Financial Results**

(₹ In lakh)

	<b>Financial Results for the Company</b>		<b>Consolidated Financial Results</b>	
	<b>Year ended 31 March</b>		<b>Year ended 31 March</b>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Surplus for the year before Finance Charge, depreciation and tax	19616	16714	23970	20856
Deduct there from:				
Finance Charge and depreciation	1512	1416	5191	5523
Provision for Taxation	5995	3569	5947	3349
	12109	11729	12832	11984
Add Transfer from:				
Profit & Loss Account	16565	12204	26248	21746
<b>Total amount available for Appropriation:</b>	<u>28674</u>	<u>23933</u>	<u>39080</u>	<u>33730</u>
Appropriations:				
Proposed Dividend [ @ ₹ 26.00 per equity share (previous year ₹ 23.00 per equity share) of the Company]	4234	3746	4583	3778
Corporate Tax on Dividend	687	622	706	653
Transfer to General Reserve / Minority interest etc.	3000	3000	3045	3051
Surplus carried forward to next year	20753	16565	30746	26248
<b>Total of Appropriations</b>	<u>28674</u>	<u>23933</u>	<u>39080</u>	<u>33730</u>

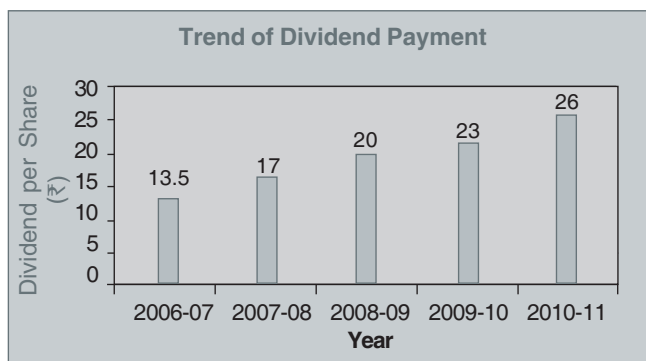
**Overview**

Your Company recorded significant achievements in the year 2010–11, some of which are as follows:

- The Company recorded its highest ever Turnover with net sales at ₹ 2050 crore as against ₹ 1673 crore in 2009-10, marking an increase of 23% over the previous year.
- Profit Before Tax increased from ₹ 153 crore in 2009-10 to ₹ 181 crore in 2010-11, an increase of more than 18% over the previous year.
- Profit After Tax increased from ₹ 117 crore in the previous year to ₹ 121 crore, in 2010-11, an increase of 3% over the previous year.
- Four business segments viz., Tours & Travel, Industrial Packaging, Greases & Lubricants, Logistics Infrastructure & Services stood out as the main revenue generators.

**Dividend**

A dividend of ₹ 26 per equity share of ₹ 10 each [equivalent to 260%] for the year ended 31 March 2011 -- as against ₹ 23 per equity share in the previous year -- has been recommended by the Board of Directors for declaration by the Members at the ensuing 94th Annual General Meeting to be held on 23 September 2011. The trend of past dividend payment is depicted below:



**Management Discussion and Analysis Report**

An analytical Report on the businesses of your Company is furnished along with this report under the heading "Management Discussion and Analysis".

**Report on Subsidiary****Balmer Lawrie (UK) Ltd.**

Balmer Lawrie (UK) Ltd ('BLUK') is a wholly owned subsidiary of your Company incorporated in the U.K. BLUK was earlier engaged in Leasing & Hiring of Marine Freight Containers and Tea Warehousing, Blending & Packaging. After exiting these two businesses, the company utilized the proceeds to fund other business opportunities.

BLUK has to date invested approximately US \$ 1.32 million [including US\$ 0.14 million in 2010-11], equivalent to Indonesian Rupiah 12.30 billion, representing 50% of the paid-up equity share capital of the joint venture company, PT. Balmer Lawrie Indonesia (PTBLI), formed to manufacture and market lubricating greases and other lubricants in Indonesia.

PTBLI's plant is in advanced stage of completion and is expected to be commissioned by September 2011.

**Exemption from attaching accounts of the Subsidiary**

In the past the Ministry of Corporate Affairs, New Delhi had exempted your Company from attaching with the Company's Accounts, the Annual Accounts of Balmer Lawrie (UK) Ltd pursuant to Section 212(8) of the Companies Act, 1956. Recently, under its General Circular No. 2/ 2011(Ref. No. 5/ 12/2007-CL-III) the Ministry of Corporate Affairs, Government of India has stipulated that the provisions for attachment of the accounts of the subsidiary shall not apply if the conditions specified therein -- including consent of the Board of Directors of the concerned company by resolution, for not attaching the Balance Sheet of the subsidiary -- are duly fulfilled. These conditions have been duly complied with by your Company and the consent of the Board for the non-attachment of the subsidiary's Annual Accounts has also been obtained.

However, such accounts have been duly consolidated in terms of applicable Accounting Standards and have been shown translated into the Indian Rupee.

**Report on Joint Ventures****AVI-OIL India Private Ltd. (AVI-OIL)**

During 2010-11 Avi-Oil has recorded lower sales of ₹ 34 crore as against ₹ 40 crore achieved in the previous year. The decline has been due to delay in the renewal of the rate contract with its major customer and consequent lower off-take.

Avi-Oil participated in the International Aerospace Exposition "AERO INDIA 2011" at Bengaluru, projecting the theme of 'Self-Reliance'. The contribution of Avi-Oil towards indigenisation of aerolubes was well appreciated by the visitors.

During the year, Avi-Oil continued to maintain its registrations with Director General Aeronautical Quality Assurance, Director

General of Civil Aviation and other registrations. An audit of Avi-Oil's production, quality assurance and documentation were conducted by Nyco, France. To augment its production facilities, Avi-Oil effected several improvements in its blending and filling operations and launched a novel pack design for certain aerolubes after validation by the concerned customers / authorities. Exports of esters to Nyco continued and efforts were initiated to develop certain industrial speciality products based on the high quality esters.

**Balmer Lawrie-Van Leer Ltd. (BLVL)**

BLVL's net sales, inclusive of other income increased to ₹ 17761 lakh in 2010-11 from ₹ 15727 lakh in the previous year. The demand for Drum Closures both in the local and export market continued to be buoyant throughout the year and business improved significantly with net sales up by about 11% compared to the previous year. In Plastic Containers sales volume of Valerex 20 range increased by 9% over the previous year.

During the year 2010-11, the Profit Before Tax of BLVL increased to ₹ 1005 lakh from ₹ 767 lakh in 2009-10, an increase of 31%.

During the current financial year ICRA Ltd. upgraded BLVL's Short term rating from A2 to A2+ and Long term rating from LBBB+ to LA – reflecting an improvement of its financial health.

**Transafe Services Limited (TSL)**

TSL achieved a turnover of ₹ 76.4 crore during 2010-11— a fall of around 7% compared to the turnover of ₹ 82.47 crore during the previous year – and recorded loss (before tax) of ₹ 16.2 crore. Performance of TSL during 2010-11 was adversely affected due to severe fund crunch faced during major part of the year. While TSL's turnover was broadly in line with the projections made for the year, it recorded considerably higher loss largely on account of making provision against old un-reconciled debtors. TSL achieved EBIDTA [Earnings Before Interest, Depreciation, Tax and Amortization] of ₹ 15.1 crore as compared to ₹ -10.9 crore in the previous year.

The business activities of TSL include Leasing of freight containers, Logistics services including Warehousing operations, manufacture of custom-designed freight containers, Bunk Houses and other container derivatives. It is expected that TSL would achieve improved performance during 2011-12.

A scheme for restructuring the debts of TSL under the Corporate Debt Restructuring (CDR) mechanism was approved in October 2010. In terms of the CDR scheme, your Company has infused ₹ 7.8 crore into TSL -- ₹ 6 crore towards 60,00,000 Cumulative Redeemable Preference Shares [CRPS] of ₹ 10 each for cash at par and the balance ₹ 1.8 crore as unsecured loan, which would bear interest at the rate of 8.5% per annum till March 2015 and 9.5% thereafter. The unsecured loan of ₹ 7.3 crore earlier provided by the Company in 2009 to TSL, has also been converted in to 73,00,000 CRPS of ₹ 10 each at par.

Further to the criminal complaint filed by TSL against Shri Gopal Krishna Mukerjea, former Managing Director & CEO of TSL (accused no.1), Shri Prithwi Manas Mitra, former Senior Vice President (Finance) of TSL (accused no.2) and certain other executives of TSL, it is known that the accused no.1 and 2 were arrested on 3rd December, 2010 and placed under judicial custody pending investigations. It is gathered that they were released on bail on 3rd March 2011. Further action by the state in the matter is awaited.

The Company, along with the other shareholder in TSL – Balmer Lawrie-Van Leer Ltd (BLVL) - has filed a civil suit against the erstwhile majority shareholders represented by ICICI Ventures, before the Calcutta High Court on 12th May 2011, seeking relief *inter alia* to the effect that the sale of shares in TSL to the Company and BLVL by ICICI Ventures is void entailing consequent restoration of all advantages derived by each party from the void contract.

## Balmer Lawrie (UAE) LLC (BLUAE)

Despite the continuing effects of the global recessionary conditions, difficult local market conditions including intensified competition and pressure on product pricing, BLUAE turned in excellent results during the year 2010. Prices of main raw materials, viz. CR steel, Tinplate and HDPE showed softening trend internationally for most part of the year; with HDPE prices staging a mid-year reversal.

BLUAE is bracing itself to face the challenges and maintain its pre-eminent position in the market. The company continues to upgrade its facilities and systems to achieve process, product and technological improvements and further enhance service levels with the aim of strengthening its position as the most preferred vendor to customers in the region, maintaining the highest level of business ethics and dependability.

## Memorandum of Understanding (MoU)

Your Company enters into an MoU with the Government of India, Ministry of Petroleum & Natural Gas (MOP & NG) every year detailing therein various targets on operational, financial and efficiency parameters, customer satisfaction, human resource development etc. The Company's performance vis-a-vis the agreed targets, is evaluated at the year-end by the Government of India, Department of Public Enterprises, (DPE). It is a matter of pride to report that the performance score in respect of the MoU for the year 2009-10 has been adjudged to be in the highest rating category i.e. "Excellent" by DPE.

The MoU criteria for 2011-12 includes a number of new criteria like Corporate Social Responsibility and Corporate Governance as per directions received by the Company from MOP&NG.

## Human Resource Management

Human Resource strategy of the Company devolves around managing talent, developing leadership & managerial competencies, managing employee performance and enhancing employee engagement. Towards achieving these

objectives, the Company put in place the following initiatives during 2010-11:

### Talent Acquisition

During the year, besides inducting 27 professionals at various levels in the executive cadre to fill the talent gap, the Company also inducted 15 Executive Trainees and 5 Supervisory Trainees through the campus recruitment process.

### Training and Development

Your Company believes in continuously honing the skills and competencies of the people with the objective of creating a leadership pipeline. With this objective in mind, the Company planned and organized exhaustive training programmes for its employees: both in General Management as well as in specialist skill development focusing on the requirement of the businesses. Whereas 443 man- days of internal training activity were undertaken, 35 employees were sent for specialized external programmes during the year.

### Managing Performance

In order to enhance role clarity and improve on-the-job performance, a Role Directory, covering all positions in the Executive cadre was rolled out in the year under report. Further, the Performance Appraisal System for Executives has been redesigned and made more robust with the objective of establishing greater direct linkage between individual tasks and overall goals & objectives of the Company.

### Employment of Special Categories

The actual number of employees belonging to special categories, Group-wise, as on 31st March 2011 is given below:

Group	Regular Manpower as on 31 March 2011	SC	ST	OBC [*]	Physically Challenged	Women	Minorities
A	391	31	4	17	1	29	7
B	264	29	2	23	2	35	14
C	148	24	2	12	3	18	5
D	614	85	10	21	6	6	95
Total	1417	169	18	73	12	88	121

[\*] Recruited on and from 8th September, 1993 onwards being the date from which OBC reservation was made applicable.

### Employee Relations

The Company believes in open and transparent policy in dealing with the collectives. The terms and conditions of service are finalized through bilateral discussions. Employees are represented in Trusts formed by the Company to administer various employee welfare schemes.

Discussions on the Long Term Settlements covering the wages, allowances and benefits of the unionized employees are in progress at all locations of the Company.

Employee relations continued to be cordial at all units / locations and during the year, there was no major instance of industrial unrest at any location of the Company.

### Implementation of The Persons with Disabilities

#### [Equal Opportunities, Protection of Right and Full Participation] Act, 1995

In compliance with the above Act, the Company has identified positions for recruitment of persons with disabilities. Action for recruitments is being initiated fill up the shortfall.

### Implementation of Official Language

To ensure implementation of *Rajbhasha* policy of the Government of India, the Company has taken several steps to promote usage of Hindi in official work. Various activities like workshops, meetings, etc. were organized during the year and the *Rajbhasha Pakhwada* was celebrated at all locations of the Company. Employees were also nominated for *Praveen* and *Pragya* examinations. The Company also took the lead in organizing an Official Language workshop in Mumbai for the Town Official Language Implementation Committee. The Official Language Committee of the Parliament inspected the Delhi Office of the Company and expressed its satisfaction with the manner of Hindi implementation in the Company.

### Women Empowerment

The Company not only provides equal opportunities for women in employment but also ensures that the requisite work ambience exists for women employees at all locations. The percentage of women employees amongst the new recruits is on the rise.

### Progress on principles under 'Global Compact'

Your Company is a founder member of the Global Compact, and it remains committed to further the principles enumerated under the Global Compact programme. The details of various initiatives taken in this regard can be found in the Communication of Progress uploaded on the website of the Company.

### Vigilance

The Company is committed to ethical conduct of business. The main thrust of Vigilance administration is to create a culture of integrity and probity in the organization. In order to bring about a fair and transparent environment, surveillance inspections were carried out in the various units of the Company to detect corruption and recommend remedial measures. Punitive and deterrent action, where required, is also undertaken.

In the interest of inculcating transparency in the award of contracts, tender documents and list of contracts awarded during the month are uploaded on the website of the Company. Preventive vigilance and various systems improvement

activities were also undertaken by the Vigilance Department in order to ensure optimal utilization of resources of the Company and maximization of shareholder value.

### Compliance of Right to Information Act, 2005

The Right to Information Act, 2005 ("the RTI Act") is applicable to the Company. In accordance with the provision of the RTI Act, various disclosures of information, which are mandatory, have been set out on the website of the Company. Additionally, the Company furnishes monthly as well as annual reports within prescribed time line to the Ministry of Petroleum & Natural Gas, Government of India pertaining to requests for information received under the RTI Act. Monthly reports are being placed on the website from June 2011 pursuant to the advice received from the Ministry aimed at strengthening implementation of the RTI Act.

An extract of the Annual Return for the financial year 2010-11 as furnished to the Administrative Ministry is set out below for information of the Members:

	Opening Balance as on 01/04/ 2010	Progress in 2010-11			
		Received during the Year (including cases transferred to other Public Authority)	No. of cases transferred to other Public Authorities	Decisions where requests/ appeals rejected	Decisions where requests/ appeals accepted
(1)	(2)	(3)	(4)	(5)	(6)
Requests	1	35	NIL	2	34
First Appeals	0	5	NIL	-	5

The rejections mentioned in Column 5 were made considering the exemptions from disclosure of information as envisaged in Section 8 of the RTI Act.

### Conservation of Energy, Technology Absorption and Foreign Exchange

#### Earnings and Outgo

As required under Section 217 (1) (e) of the Companies Act, 1956, ("the Act") read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the information is annexed.

### Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Act, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31 March 2011, the applicable accounting standards have been followed and there was no departure from such standards;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31 March 2011 and of the profit of the Company for the said financial year;

- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for detecting and preventing fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31 March 2011 on a 'going concern basis'.

## Consolidated Financial Statement

The financial statements of your Company have been duly consolidated with its subsidiary and joint ventures in pursuance of Clauses 32, 41 as well as 50 of the Listing Agreement with the Stock Exchanges. For the purpose of such consolidation, the Accounting Standards – especially, AS 21 and 27 – have been adhered to.

## Report on Corporate Governance

A detailed report on the Corporate Governance compliance is also furnished with this Report as required under Clause 49 of the Listing Agreement with the Stock Exchanges along with the Auditor's Certificate regarding Compliance of the conditions of Corporate Governance.

## Particulars of Employees

During the financial year 2010-11, the Company did not have any employee who received remuneration at a rate of ₹ 5,00,000 or more per month or ₹ 60,00,000 per annum. Therefore, the disclosure pursuant to the provisions under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, has not been made.

## Comments of Comptroller & Auditor General of India

The comments of the Comptroller & Auditor General of India, under Section 619(4) of the Companies Act, 1956 on the Accounts of the Company for the financial year ended 31 March 2011 is set out elsewhere in the Annual Report.

## Directors

In accordance with the provisions of Article 12 of the Articles of Association, Shri VLVSS Subba Rao, Shri K C Murarka, Shri Arun Seth and Shri M P Bezbaruah would retire by rotation at the ensuing Annual General Meeting and they are eligible for reappointment at the said Meeting.

A Brief Profile of the above Directors appears elsewhere in the Report.

The six Independent Directors of the Company – viz., Shri K C Murarka, Shri Arun Seth, Shri M.P.Bezbaruah, Shri P.K.Bora, Prof. Asish K. Bhattacharyya and Smt. Abha Chaturvedi – had been appointed on 26 December 2008 *inter alia* pursuant to the direction / advice of the Ministry of Petroleum & Natural Gas, Government of India under Article 7A of the Articles of Association of the Company. As the tenure of Independent Directors would expire on 25 December 2011 on completion of their approved term, application has been made to the

Ministry for appointment of Independent Directors or renewal of term of office of the existing Independent Directors.

The Company has received an advice dated 29 July 2011 from the Ministry of Petroleum & Natural Gas, Government of India, being the Administrative Ministry, intimating that the Competent Authority has concurred with the proposal for re-designation of the post of Managing Director of the Company as Chairman & Managing Director. In terms of the said letter and as per resolution passed by the Board at its meeting held on 11 August 2011, Shri S K Mukherjee, Managing Director has been re-designated as Chairman & Managing Director of the Company with effect from 29 July 2011 with all other terms & conditions of his appointment remaining unchanged.

## Auditors

Your Company being a Government Company, Auditors are appointed or reappointed by the Comptroller and Auditor General of India in terms of Section 619(2) of the Companies Act, 1956. The remuneration of the Auditors for the year 2011-12 is to be determined by the members at the ensuing Annual General Meeting as per Sections 224(8)(aa) and 619 of the Act.

## Auditors' Report

Members may note that the Auditors' Report dated 28 May 2011 for the year ended 31 March 2011 does not contain any reservation or qualification. However, the Statutory Auditors had made the following observations in their Report.

### QUOTE

ICICI Venture Fund Management Co. Ltd. exited the joint venture unit, Transafe Services Ltd. [TSL] with full benefits without retaining any right of recovery on the part of Balmer Lawrie & Co. Ltd. [BL] for possible losses. Specific joint venture agreement between BL and ICICI specifying the exit clause, important for any joint venture agreement could not be provided.

Consequent to exit of ICICI Ventures from TSL, the entire financial burden fell upon and/or assumed by Balmer Lawrie & Co. Ltd.(BL) for arranging necessary fund for settling the accounts of ICICI Ventures with premium as well as bringing in new partner namely Balmer Lawrie Van Leer Ltd. (BLVL), another unit of joint venture arrangement with BL.

Investment of ₹ 553.28 lakhs during the previous year, a fresh further investment of a sum of ₹1330.00 lakh during the current year by way of acquiring preference shares in TSL and providing unsecured loan of ₹ 1817.92 lakh to BLVL for the purpose of purchase of shares held by ICICI Venture, was done without going through a process of Due Diligence. In addition, the interest falling due for payment as on 31/3/2011 has also been not serviced. Therefore, in our opinion, all these investments totalling to ₹ 3701.20 lakh appear to be prejudicial to the interest of the Company.

### UNQUOTE

*Explanatory Management Reply as approved by the Board:*

During the year the Company has invested ₹ 6 crore towards

subscriptions to Convertible Redeemable Preference Shares (CRPS) in addition to converting earlier loan of ₹ 7.30 crores to CRPS. Further the Company has extended an unsecured loan of ₹ 1.80 crore during the year to TSL. These have been done in compliance with the Company's obligation as Promoter to TSL under the restructuring scheme approved under the CDR mechanism.

In 2009-10 the Company has acquired the shares held by two Funds represented by the respective Trustees and acting through their Investment Manager, ICICI Venture Fund Management Co. Ltd. [collectively referred to as ICICI Ventures] in Transafe Services Ltd. (TSL), a joint venture of the Company when ICICI Ventures desired to exit from TSL. Looking at the business prospects of TSL, increasing Company's holding in TSL to 50% was considered as an appropriate strategy to strengthen its presence in the logistics business.

The Company did not engage an external agency for due diligence considering the fact that TSL was a group company. However, as a normal practice it carefully assessed the financials based on audited financial statements of TSL and additional Board level information available to the Company. Subsequent to the Company increasing its holding in TSL to 50% and exit of ICICI Ventures, the accounting fraud was detected and criminal cases have been filed against TSL's erstwhile Managing Director, Chief Financial Officer and others. A plaint has also been filed before the Calcutta High Court against ICICI Venture for appropriate remedies.

The Shareholders' Agreement of TSL had an exit clause specifying the procedure for finalization of the exit price, which was adhered to in the process.

Considering the above factors, investments made by the Company in TSL are not prejudicial to the interest of the Company and are expected to create value for shareholders and other stakeholders in the long run.

The Statutory Auditors also commented in their Audit Report that the internal control system as regards management of debtors and generation of scrap by the manufacturing units of the Company needs to be further strengthened.

*Explanatory Management Reply as approved by the Board:*

The Company has a system of review of debtors on a periodic basis at various levels of the organisation and all outstanding debts are followed up for collection regularly. Major parts of the debts of the Company are outstanding from PSUs/ Government and there are often delays in getting payments. However, the comments of the Statutory Auditors have been noted and the Company will make efforts for further strengthening of follow-up and monitoring system.

As regards management of scrap generation, the Company has a well laid down system, comparable to that practiced in similar industries, for monitoring/disposal of such manufacturing scrap. In view of the observations of the Statutory Auditors such procedure will be reviewed during 2011-12 and improvements to the extent feasible, would be incorporated.

The Statutory Auditors further observed in their Audit Report that in their opinion, the Company's present internal audit system as conducted in phased manner, by a firm of chartered accountants, is commensurate with its size and nature of its business but the same needs to be strengthened with regard to widening the coverage of various areas like investments made and its follow-up and in the matter of scrap management.

*Explanatory Management Reply as approved by the Board:*

The scope of Internal Audit was strengthened during the year and was considered fairly adequate. However, the Company, as a practice, reviews the scope of the Internal Audit programme on a yearly basis and effects modifications/improvements as deemed necessary and that the observations of the Statutory Auditor would be duly considered during such review.

The Statutory Auditors have also opined that the Balance Sheet of the Company as at 31 March 2011 and the Profit & Loss account and the Cash Flow Statement for the year ended on that date are in agreement with the books of account and comply with the Accounting Standards referred to in Section 211(3C) of the Act.

### **Acknowledgement**

The Company's Board is focused on creation of enduring value for all stakeholders utilizing multiple drivers of growth in the form of the diverse Strategic Business Units of the Company.

Your Directors wish to place on record their appreciation of the support and confidence reposed in the Company by the customers and the dealers who have contributed towards customer-satisfaction. The Directors also acknowledge the contribution of the employees and their co-operation, dedication, commitment and perseverance towards achievement of new performance milestones. The Directors would also wish to thank the vendors, business associates / consultants, bankers, auditors, solicitors and all other stakeholders for their unstinted support to the Company.

The Directors are also thankful to Balmer Lawrie Investments Ltd. (the Holding Company) and the Ministry of Petroleum & Natural Gas, Government of India, for the valuable guidance, support and co-operation extended to the Company.

Finally, the Directors also wish to place on record their special appreciation to the valued Shareholders of the Company for their support.

Registered Office:  
Balmer Lawrie House  
21 Netaji Subhas Road  
Kolkata – 700 001.  
Date : 11 August 2011

On behalf of the Board of Directors  
S K Mukherjee  
*Chairman & Managing Director*

K Subramanyan  
*Wholtime Director*

**INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH, 2011.**

## 1. CONSERVATION OF ENERGY

### a) Energy conservation measures taken

The Company makes continuous efforts towards conservation of energy in view of rising cost of energy and keeping with Company's commitment to be an energy efficient entity. Some of the measures taken during the year were:

- Specific energy consumption per unit of production was monitored regularly at all manufacturing plants and corrective actions taken as required.
- Power factor correction capacitors were installed in one of the manufacturing plant of SBU: Industrial Packaging to improve power factor.
- Energy efficient CFLs were installed in all floors of the corporate Head office & offices of various manufacturing plants to conserve energy.

### b) Additional investment proposal for conservation of energy

Investment towards Installation of energy efficient systems / equipment have been made in some of the plants.

### c) Impact of the above on cost of production

Above measures have helped containing the cost of energy per unit of production, in the face of steep increases in fuel and power costs during the year.

### d) Total energy consumption and energy consumption per unit of production

Information on energy consumption is provided in the annexed Form A.

#### TECHNOLOGY ABSORPTION:

### e) Efforts made in Technology Absorption

Information on Technology absorption is given in the annexed Form B.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO:

### f) Total foreign exchange used and earned :

	₹ in Crore
Total Foreign Exchange used :	79.95
Total Foreign Exchange earned :	22.77

### Form – A

#### Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power & Fuel Consumption	2010-11 Current Year	2009-10 Previous Year
<b>1. Electricity</b>		
<b>(a) Purchased</b>		
Units ('000 kwh)	8188.18	9741.41
Total amount (₹ Lakhs)	463.59	586.15
Rate/Unit (₹/kwh)	5.66	6.02
<b>(b) Own generation</b>		
(i) Through diesel generator		
Units ('000 kwh)	1375.10	1247.29
Units per ltr. of diesel oil	2.21	2.43
Cost/unit (₹/unit)	13.39	12.84
(ii) Through steam turbine/generator Units		
Units per ltr. of fuel oil/gas	N.A.	N.A.
Cost/Unit		
<b>2 Coal</b>		
Quantity (tonnes)		
Total Cost	N.A.	N.A.
Average Rate		

	2010-11 Current Year	2009-10 Previous Year
<b>3 Coal Gas</b>		
Quantity (therms)	66.64	63.66
Total Cost (₹ Lakhs)	35.40	36.32
Average rate (₹/Unit)	53.12	57.05
<b>4 Furnace Oil</b>		
Quantity (kl)	2007.26	2088.48
Total amount (₹ Lakhs)	844.10	739.95
Average Rate (₹/kl)	42052.35	35430.23
<b>5 Other/Internal Generation</b>		
Quantity		
Total Cost	N.A.	N.A.
Cost/Unit		
<b>B Consumption per unit of production</b>	2010-11 Current Year	2009-10 Previous Year
Lubricating greases		
● Electricity (kwh/mt-kl)	58	74
● Furnace Oil (l/mt-kl)	18	20
Barrels & Drums		
● Electricity (kwh/mt)	1.70	1.59
● Furnace Oil (l/unit)	0.43	0.50
Synthetic Fat Liquors		
● Electricity (kwh/mt)	140	145
● Furnace Oil (l/unit)	46	53
Syntans		
● Electricity (kwh/mt)	119	146
● Furnace Oil (l/unit)	-	25

**Notes :**

- Figures represent energy consumption in the manufacturing units of SBUs Industrial Packaging, Greases & Lubricants and Leather Chemicals. SBU IP had discontinued production at Panipat and Mathura.
- Figures are based on equivalent units of production as appropriate.
- Increase in electricity usage per equivalent unit of production in SBU : IP and decrease in electricity/furnace oil usage for SBU: Performance Chemical and G&L are attributable to variations in product mix and changes in production process.

**Form B**

**Form for Disclosure of Particulars with respect to Technology Absorption**

**1. RESEARCH & DEVELOPMENT**

**a) Specific Areas in which R&D work has been carried out by the Company**

- R&D work had been carried out in development of lubricants, performance chemicals & industrial packaging.
- In lubricants (Greases & Lubricating oil), R&D efforts at value engineering and upgradation of existing products had been the priority areas. Further efforts were directed at development and commercialization of lubricating oil for tractor sectors; semi synthetic engine oil for new generation gasoline/diesel engine /4-stroke engine for motor bike; eco-friendly and biodegradable lubricants for industrial/automotive application; specific lubricant for Indian railways & export markets.
- In performance chemicals, the development thrust had been towards high performance fat liquors for sophisticated leather segment and on a range of polymeric tanning agents. Eco-friendly tanning agents are also being developed. Medium segment finishing chemicals, Pickle free tanning process & products were also developed in co-operation with reputed institute.

- In Industrial packaging, R&D efforts had been towards development of import substitute machines & equipments and also development of more efficient and improved manufacturing processes.

**b) Benefits derived as a result of the above**

- R&D efforts in lubricant and Performance chemicals have helped the Company to strengthen its customer base as also to remain ahead of competitors in the near future.
- R&D efforts in Performance chemicals have helped the Company in improvement of productivity, quality and increase in product basket & market share. This also helped in retaining technological leadership in the industry.

**c) Future Plan and action**

R&D and technological upgradation are one of the key objectives of the Company. The efforts in R&D are directed towards maintaining technological and cost leadership leading to customer satisfaction through:

- Continuous improvement of products in tune with technological evolution.
- Development of new specialty / high performance products in lubricants and performance chemicals and also maximization of yields & introduction of new products in industrial packaging.
- Development of systems/ equipments & incorporation of new processes in order to reduce cost of production.

**d) Expenditure on R&D**

	₹ Lakh 2010-11	₹ Lakh 2009-10
Capital	61.27	52.95
Revenue	352.22	323.62
Total	413.49	376.57
Total R&D expenditure as % of Turnover	0.19	0.23

## 2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATIONS

**a) Efforts in brief made towards the above**

- Products and processes developed through in-house R&D have been internally absorbed by the manufacturing units for commercialization

**b) Benefits derived**

- Augmentation of Company's products basket in target market segments leading to addition of new customers and retention of existing customers.
- Introduction of environment-friendly products
- Increased customer satisfaction
- Cost leadership

**c) Import of technology (imported during last 5 years reckoned from beginning of the financial year)**

i) Technology imported	—	Not applicable.
ii) Year of import	—	Not applicable.
iii) Has technology been fully absorbed?	—	Not applicable.
iv) If not absorbed, areas where this has not taken place. Reasons there of and future plan of action	—	Not applicable.

## Report on Corporate Governance

[Forming part of the Directors' Report for the year 2010-11]

### Company's philosophy on good Corporate Governance

The Company is committed to maintain sound Corporate Governance practices aimed at increasing value for its stakeholders. The Corporate Governance philosophy of the Company is based on the following five pillars:

- ❖ High accountability to the stakeholders on the affairs of the Company.
- ❖ Absolute transparency in the reporting system and adherence to disclosure compliances.
- ❖ High ethical standards in the conduct of the business with due compliance of laws and regulations.
- ❖ Enhancement of stakeholders' value on a consistent basis.
- ❖ Contributing to the enrichment of quality of life of the community through discharge of Corporate Social Responsibility.

### Board of Directors

#### a) Composition

The composition of the Board of Directors of the Company is governed by provisions of the Companies Act, 1956, Clause 49 of the Listing Agreement, Guidelines on Corporate Governance for Central Public Sector Enterprises 2010, which has been made mandatory by the Government of India and the Articles of Association of the Company. Article 7A of the Articles of Association of the Company stipulates that so long as it remains a Government Company, the President of India shall have the right to appoint directors on the Board.

Currently, the Board consists of 12 Directors, viz, 4 Whole-time Directors, 2 Non-Whole-time Government Nominee Directors and 6 Non-Whole-time Independent Directors. The Composition of the Board of Directors is fully compliant with Clause 49 of the Listing Agreement with Stock Exchanges and the provisions of the Companies Act, 1956 as well as the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010. The background of the Directors is set out herein below:

#### *Whole-time Directors*

**Shri S K Mukherjee (Chairman & Managing Director)**

**Shri V N Sharma (Director – Manufacturing Businesses)**

**Shri K Subramanyan (Director – Finance)**

**Shri Virendra Sinha (Director – Service Businesses)**

#### *Government Nominee Directors*

**Shri VLVSS Subba Rao**

**Shri Shri Prakash**

#### *Independent Directors*

**Shri K C Murarka**

**Shri Arun Seth**

**Shri M P Bezbaruah**

**Shri P K Bora**

**Shri Asish K Bhattacharyya**

**Smt. Abha Chaturvedi**

A brief profile of the Directors of the Company is set out herein:

**Shri S K Mukherjee**

*Chairman & Managing Director*

Shri S K Mukherjee was appointed the Managing Director on 1 April 2005 based on direction by the Government of India and was further re-appointed at the 93rd Annual General Meeting held on 24 September 2010. He has served the Company in various capacities since January 1976. Shri Mukherjee is a Bachelor of Commerce and is a qualified Cost Accountant (AICWAI). He has a total working experience of 42 years including 35 years in the Company during which he gained specialization in the various functional areas like Accounts & Finance, Taxation and General/Strategic Management. Shri Mukherjee's expertise is built on assignments both at the Strategic Business Unit as well as at the Corporate levels.

Shri S K Mukherjee has been re-designated as Chairman & Managing Director of the Company with effect from 29 July 2011 with all other terms remaining unchanged pursuant to an advice received from the Ministry of Petroleum & Natural Gas, Government of India.

**Shri V N Sharma**

**Director [Manufacturing Businesses]**

Shri V N Sharma was appointed as a Whole-time Director on 20 January 2005 based on direction by the Government of India and was further re-appointed at the 93rd Annual General Meeting held on 24 September 2010. He is a Bachelor of Technology (Chemical Engineering) and also holds Post Graduation Diploma in Business Management. Shri Sharma has a total working experience of 36 years during which he has developed expertise in the functional areas of Production and Operations Management, Project Management, R & D Management as well as General Management.

**Shri K Subramanyan**

*Director [Finance]*

Shri K Subramanyan was appointed as a Whole-time Director on 30 December 2005 based on direction by the Government of India and was further re-appointed at the 93rd Annual General Meeting held on 24 September 2010. He is a Bachelor of Commerce and a qualified Chartered Accountant (ACA). He has a working experience of 33 years during which he has developed expertise in the functional areas of Accounts & Finance, Taxation and General Management.

**Shri Virendra Sinha**

*Director [Service Businesses]*

Shri Virendra Sinha was appointed as a Whole-time Director on the Board on 14 June 2010 based on direction by the

Government of India. Pursuant to Section 257 of the Companies Act, 1956, he was appointed as a director at the 93rd Annual General Meeting held on 24 September 2010. He is a Bachelor of Arts and holds a Masters Degree in Business Administration. He has a working experience of 33 years during which he has developed expertise in Marketing, International Trade especially in understanding operation of multi-modal logistics hubs and container freight stations and in General Management.

## **Shri VLVSS Subba Rao**

*Government Nominee Director*

Shri VLVSS Subba Rao was appointed as non-executive Director on the Board on 13 October 2008 based on direction from the Government of India. He is a Government Nominee Director on the Board. Pursuant to Section 257 of the Companies Act, 1956, he was appointed as a Director at the 92nd Annual General Meeting held on 24 September 2009. He holds a Master Degree in Economics and is a member of Indian Economic Services. He has a working experience of about 24 years during which he has developed knowledge and expertise in the functional areas of Finance, Project Appraisal, Trade Logistics, Training and economic administration.

## **Shri Shri Prakash**

*Government Nominee Director*

Shri Shri Prakash was appointed as non-executive Director on the Board on 9 March 2010 based on direction from the Government of India. Pursuant to Section 257 of the Companies Act, 1956, he was appointed as a director at the 93rd Annual General Meeting held on 24 September 2010. Shri Shri Prakash is a Master of Arts and belongs to Central Secretariat Services cadre. He has a working experience of 21 years during which he has developed knowledge and expertise in the functional areas of Administration, Vigilance and Training.

## **Shri K C Murarka**

*Independent Director*

Shri K C Murarka was appointed by the Board as Director on 26 December 2008 based on direction from the Government of India. Pursuant to Section 257 of the Companies Act, 1956, he was appointed as a Director at the 92nd Annual General Meeting held on 24 September 2009. Shri Murarka is an Independent Director of the Company. Shri Murarka is a Bachelor of Science. He has a working experience of 42 years during which he has gained expertise in the areas of marketing, research & development with specialization in manufacturing of dyes and chemicals.

## **Shri Arun Seth**

*Independent Director*

Shri Arun Seth was appointed by the Board as Director on 26 December 2008 based on direction from the Government of India. Pursuant to Section 257 of the Companies Act, 1956, he was appointed as a Director at the 92nd Annual General Meeting held on 24 September 2009. Shri Seth is a Bachelor

of Technology and Master in Business Administration. He has a working experience of over 32 years including experience in the Telecom Industry in the course of which Shri Seth has developed commercial and technical expertise in Information Technology and Telecommunication.

## **Shri M P Bezbaruah**

*Independent Director*

Shri M P Bezbaruah was appointed by the Board as Director on 26 December 2008 based on direction from the Government of India. Pursuant to Section 257 of the Companies Act, 1956, he was appointed as a Director at the 92nd Annual General Meeting held on 24 September 2009. Shri Bezbaruah is a Master of Arts as well as Master of Public Administration. He is a retired IAS and has a working experience of 37 years in the area of civil services.

## **Shri P K Bora**

*Independent Director*

Shri P K Bora was appointed by the Board as Director on 26 December 2008 based on direction from the Government of India. Pursuant to Section 257 of the Companies Act, 1956, he was appointed as a Director at the 92nd Annual General Meeting held on 24 September 2009. Shri Bora is a Master of Arts (in English) and also a retired IAS. He has a working experience of 40 years during which he gained expertise in Development Administration & Financial Administration as also in Tea & Tourism industries.

## **Shri Asish K Bhattacharyya**

*Independent Director*

Shri Asish K Bhattacharyya was appointed by the Board as Director on 26 December 2008 based on direction from the Government of India. Pursuant to Section 257 of the Companies Act, 1956, he was appointed as a Director at the 92nd Annual General Meeting held on 24 September 2009. He is a fellow member of the Institute of Chartered Accountants of India and the Institute of Cost & Works Accountants of India, besides being a Master of Commerce and a D.Phil; he also holds a Diploma in Management Accounting (ICA). Shri Bhattacharyya has a working experience of 38 years during which he has acquired expertise in Accounting, Finance, Business Valuation and Corporate Governance.

## **Smt. Abha Chaturvedi**

*Independent Director*

Smt. Abha Chaturvedi was appointed by the Board as Director on 26 December 2008 based on direction from the Government of India. Pursuant to Section 257 of the Companies Act, 1956, she was appointed as a Director at the 92nd Annual General Meeting held on 24 September 2009. She is a Ph D. She has a working experience of 38 years in the areas of teaching, research and management consultancy. Her areas of specialization are Human Resource, Organization Behaviour and Organization Sociology.

The Independent Directors of the Company were appointed as per the direction of the Ministry of Petroleum & Natural Gas, Government of India for a period of three years from the date they joined the Board or until further orders, whichever is earlier. All of them having joined the Board of the Company on 26 December, 2008, their term of appointment would be expiring on 25 December 2011 with the completion of three years. Proposal has been submitted by the Company to the

Ministry seeking fresh nomination of Independent Directors or renewal of term of the existing incumbents.

The particulars as to the directorship of the Directors (who are currently on the Board) in other companies and their membership in various Board level Committees as on the 30 May 2011 are enumerated as follows [for full details of the directorship & membership of committees held by the Directors please refer to the attached **Annexure A**]:

Name of the Director	No. of companies bodies corporate, other than the Company, in which the Director holds Directorship.	Membership held by the Director in various Committees <sup>1</sup> across all companies in which he is a Director	Chairmanship held by the Director in various Committees <sup>1</sup> across all companies in which he is a Director	Chairmanship held by the Director in other Boards	Whether attended the last Annual General Meeting of the Company held on 24 September 2010
Shri S K Mukherjee	4	2	0	0	Yes
Shri VLVSS Subba Rao	0	1	1	0	Yes
Shri Shri Prakash	0	0	0	0	Yes
Shri V N Sharma	4	2	0	1	Yes
Shri K Subramanyan	3	2	2	0	Yes
Shri Virendra Sinha	2	1	0	0	Yes
Shri K C Murarka	1	1	0	0	No
Shri Arun Seth	8	2	0	0	No
Shri M P Bezbaruah	0	0	1	0	Yes
Shri P K Bora	0	1	0	0	No
Shri Asish K Bhattacharyya	2	3	0	0	No
Smt. Abha Chaturvedi	0	1	0	0	No

1 As per the requirement of the Clause 49(I)(C) of the Listing Agreement, chairmanship/membership of the Audit Committee and the Shareholders'/Investors' Grievance Committee have only been shown above.

All the Directors have made requisite disclosures as required under the Companies Act, 1956, SEBI Guidelines and the Listing Agreement.

### c) Attendance at the Board Meetings

Attendance of the Directors at the Board meetings held during the financial year 2010-11 is shown below:

Name of the Director	Board Meetings held during 2010-11						
	14 May 2010	29 July 2010	12 August 2010	29 October 2010	20 December 2010	14 February 2011	29 March 2011
Shri S K Mukherjee	✓	✓	✓	✓	✓	✓	✓
Shri VLVSS Subba Rao	✓	✓	✗	✓	✓	✗	✓
Shri Shri Prakash	✓	✗	✗	✗	✗	✓	✓
Shri V N Sharma	✓	✓	✓	✓	✓	✓	✓
Shri K Subramanyan	✓	✓	✓	✓	✓	✓	✓
Shri Virendra Sinha*	NA	✓	✓	✓	✓	✓	✓
Shri K C Murarka	✗	✗	✓	✗	✗	✗	✗
Shri Arun Seth	✓	✗	✗	✗	✓	✗	✗
Shri M P Bezbaruah	✓	✓	✓	✓	✓	✓	✓
Shri P K Bora	✓	✓	✓	✓	✓	✓	✓
Shri Asish K Bhattacharyya	✗	✓	✓	✓	✓	✓	✓
Smt. Abha Chaturvedi	✓	✓	✓	✓	✓	✓	✗

\* Shri Virendra Sinha was inducted as Director (Service Businesses) with effect from 14 June 2010

## Committees of the Board

### 1. Audit Committee

The approved terms of reference of the Audit Committee are in line with the Companies Act, 1956, the Listing Agreement and the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010. The terms of reference inter-alia, include the following:

- ❖ Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ❖ Recommend the remuneration of the Statutory Auditor, appointed by the Comptroller and Auditor General of India for approval of the shareholders at the General Meeting in terms of Section 224(8)(aa) so long as the provisions of Section 619 of the Companies Act, 1956 remain applicable to the Company and approval of payment to statutory auditors for any other services rendered by the Statutory Auditor.
- ❖ Review with the management the annual financial statements before submission to the Board, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on exercise of judgement by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft Audit report.
- ❖ Review all related party transactions.
- ❖ Review the follow-up action taken on the audit observations by the Comptroller & Auditor General of India as also recommendations of the Committee on Public Undertakings (COPU) of the Parliament.
- ❖ Review with the management, the quarterly financial statements before submission to the Board for approval.
- ❖ Reviewing with the management, the statement of uses / application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer document / prospectus, etc. and making appropriate recommendations to the Board to take up steps, if any, in this matter.
- ❖ Reviewing with the management, performance of statutory and internal auditors, the adequacy of internal control systems.
- ❖ Reviewing the adequacy of internal audit function, if any, including the structure of the Internal Audit Department and discuss with internal auditors any significant findings, including any difficulties encountered during audit work and follow-up thereon.
- ❖ Review the findings of any internal investigations by the internal auditors / auditors / agencies into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- ❖ Discuss with statutory auditors before the audit commences, nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- ❖ Look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.
- ❖ Discuss with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- ❖ Consider and review the following with the independent auditor and the management:
  - The adequacy of internal controls including computerized information system controls and security, and
  - Related findings and recommendations of the independent auditors and internal auditors, together with the management responses.
- ❖ Review the following:
  - Management discussion and analysis of financial condition and results of operations
  - Statement of significant related party transactions submitted by management
  - Management letters/ letters of internal control weaknesses issued by the statutory auditors
  - Internal audit reports relating to internal control weaknesses, and
  - The appointment, removal and terms of remuneration of the Chief Internal Auditor, which shall be subject to review by the Audit Committee.
- ❖ Review Certification / Declaration of financial statements by the Chief Executive / Chief Finance Officer.
- ❖ Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
- ❖ Investigate into any matter in relation to the items specified in Section 292A of the Act or referred to it by the Board or pertaining to any activity within its terms of reference and to this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary, seek information from any employee in the matter and secure attendance of outsiders with relevant expertise, if considered necessary.

- ❖ Review the Whistle Blower Mechanism and to protect Whistle Blowers.

The composition of the Audit Committee is in line with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 (II) (A) of the Listing Agreement with Stock Exchanges. Presently, the Committee consists of 7 Members including 5 non-whole-time Independent Directors and one non-whole-time Government Nominee Director. Shri M P Bezbaruah, being an Independent Director, is the elected Chairman of the Committee. Shri P K Bora, Shri K C Murarka, Shri Asish K Bhattacharyya, Smt. Abha Chaturvedi, Shri VLVSS Subba Rao and Shri S K Mukherjee are the other members. The Company Secretary, Shri Amit Ghosh, acts as the secretary to this Committee.

The Audit Committee met 6 times during the year. The details regarding the attendance of the Members at the meetings are enumerated as follows:

Name of the Member	Audit Committee Meetings held during 2010-11					
	14 May 2010	29 July 2010	12 Aug 2010	29 Oct 2010	12 Feb 2011	28 Mar 2011
Shri M P Bezbaruah	✓	✓	✓	✓	✓	✓
Shri VLVSS Subba Rao	✓	✓	✗	✓	✗	✗
Shri Asish K Bhattacharyya	✗	✓	✓	✓	✓	✓
Shri K C Murarka	✗	✗	✓	✗	✗	✗
Shri P K Bora	✓	✓	✓	✓	✓	✓
Shri S K Mukherjee	✓	✓	✓	✓	✓	✓
Smt. Abha Chaturvedi*	N.A.	N.A.	N.A.	N.A.	✓	✗

\* Co-opted additionally as Member of the Audit Committee pursuant to decision of the Board at its meeting held on 29 October 2010.

During the financial year under review the Audit Committee had discussions on relevant issues under its terms of reference, which inter alia include discussions with the auditors periodically about internal control systems, the scope of Audit including the observations of the auditors and

reviewed the quarterly and annual financial statements before submission to the Board and also ensured compliance of internal control systems.

## 2. Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee reviews and monitors the grievances of shareholders and investors. The Committee, as on 31st May 2011, consists of three Members, with non-executive Government Nominee Director as Chairman and with the Managing Director and the Director (Finance) as other two Members. On 28 May, 2011 the Committee met and took on record the status of investors' grievances as well as the services rendered during the financial year 2010-11. The terms of reference of the Committee are as per the terms set out in the Listing Agreement.

The particulars of investors' complaints during 2010-11 were published along with the Unaudited Financial Results of the respective quarters and Audited Annual Financial Results in compliance with Clause 41 of the Listing Agreement.

The Company is maintaining an exclusive e-mail ID viz, blsharegrievance@balmerlawrie.com to enable the investors lodge their complaint/grievance, if any, in addition to the e-mail address referred to subsequently under the head "Means of Communication and Address for Correspondence".

Shri Amit Ghosh, Company Secretary is the Secretary to the Committee. He is also the Compliance Officer as per Clause 47(a) of the Listing Agreement and is inter alia responsible for establishing liaison with the authorities such as SEBI, Stock Exchanges, Registrar of Companies etc., and Investors with respect to implementation of various clauses, rules, regulations and other directives of such authorities as well as investor service & complaints related matters.

## Nature of Shareholders' communication received and redressed during the period from 1 April 2010 to 31 March 2011.

The Company had received nil communications in the nature of complaint and 281 general communications during the financial year 2010-11 and all of them were resolved/replied to within a maximum period of 120 hours from the time of receipt.

Nature of communication	General of communication Resolved		Complaints Resolved		Grievances Resolved	
	Within 120 hours	Beyond 120 hours	Within 120 hours	Beyond 120 hours	Within 120 hours	Beyond 120 hours
Non-receipt of share certificates lodged for transfer	23	NIL	NIL	NIL	NIL	NIL
Non-receipt of share certificates after sub-division, consolidation, duplicate and renewal of share certificates	NIL	NIL	NIL	NIL	NIL	NIL
Loss of share certificates	42	NIL	NIL	NIL	NIL	NIL
Change of address	24	NIL	NIL	NIL	NIL	NIL
Transmission, Registration of power of attorney, death, marriage certificates etc.	39	NIL	NIL	NIL	NIL	NIL
Non-receipt of dividend	29	NIL	NIL	NIL	NIL	NIL
Revalidation/ issue of fresh Dividend warrant	55	NIL	NIL	NIL	NIL	NIL
Recording of Electronic Clearing data under the National Electronic Clearing Service (NECS) implemented by RBI or mandates or bank details	49	NIL	NIL	NIL	NIL	NIL
Queries from SEBI	5	NIL	NIL	NIL	NIL	NIL
Queries from CLB, Stock Exchanges and Depositories	5	NIL	NIL	NIL	NIL	NIL
Queries from RBI, Income-Tax	NIL	NIL	NIL	NIL	NIL	NIL
Legal notices/ Cases etc.	NIL	NIL	NIL	NIL	NIL	NIL
Request for Nomination	4	NIL	NIL	NIL	NIL	NIL
Miscellaneous	6	NIL	NIL	NIL	NIL	NIL
Total	281	NIL	NIL	NIL	NIL	NIL

### 3. Share Transfer Committee

The Share Transfer Committee oversees the physical share transfer procedure and miscellaneous share registry matters. The Committee meets every Monday and Thursday of the week to monitor and approve the various cases of physical share transfer subject to receipt of requests for transfer of shares or other miscellaneous share registry matters. Since, the Committee needs to meet at frequent intervals, it consists of the Chairman & Managing Director and a Whole-time Director.

The Company Secretary, being the Compliance Officer as per Clause 47(a) of the Listing Agreement, is responsible for monitoring the share transfer process and reports to the Company's Board at every meeting.

### 4. Remuneration Committee

Formation of a Remuneration Committee is a non-mandatory requirement under the Listing Agreement. The

Company being a Government Company within the meaning of Section 617 of the Companies Act, 1956, the Whole-time Directors of the Company are Presidential appointees and their remuneration is fixed by the Government of India from time to time. Nevertheless, a Remuneration Committee has been constituted by the Board at its meeting held on 30th January 2009 to look into matters relating to managerial remuneration and such other issues relating to compensation that may be laid down or provided for under the Companies Act, 1956, the Listing Agreement and the applicable Government Guidelines. The Committee consists of three members, viz., Smt. Abha Chaturvedi, Independent Director — who is the Chairperson – Shri VLVSS Subba Rao, Government Nominee Director and Shri Arun Seth, Independent Director. During the financial year 2010-11, there was no occasion for the Committee to meet.

## **5. Committee for issue of Power of Attorney to functionaries and other Miscellaneous matters**

The Committee is *inter alia* authorized by the Board to overview matters relating to issuance of Power of Attorney to various officers and cancellation thereof and consists of the Chairman & Managing Director and one Wholetime Director.

### **Review of the functioning of Registrar & Share Transfer Agent (RSTA) of the Company**

To ensure smooth functioning of the RSTA, the Company has voluntarily instituted a monthly audit by a Practicing Company Secretary. The scope of this audit includes stock-check of physical share certificates, timely disposal of the requests for physical share transfer and issuance of share certificates.

In compliance with Clause 47(c) of the Listing Agreement with stock exchanges, certificate(s) from a Practicing Company Secretary certifying that registration of all transfers have been completed within the stipulated time have been obtained by the Company and furnished to the Stock Exchanges.

A shareholder's satisfaction survey was last conducted in August 2009. Responses reflected that the services to the shareholders are generally satisfactory. The Company is committed to persistently improve and raise the standard of service to the shareholders. We propose to have the next survey done in August / September 2011.

### **Reconciliation of Share Capital Audit**

During the Financial year 2010-11, Secretarial Audit – which pursuant to SEBI Circular No. CIR/MRD/DP/30/2010 dated 6 September 2010 has been renamed as “Reconciliation of Share Capital Audit”— as stipulated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 was carried out on quarterly basis by Practicing Company Secretary for reconciliation of the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL.

### **Legal Compliance Audit**

With a view to ensure better compliance with the provisions of Clause 49(I)(C)(iii) of the Listing Agreement, the Company conducts a Legal Compliance Audit every year. For the financial year 2009-10, this audit has been initiated in the year 2010-11 and is currently in the stage of submission of final report to the management. The objective of the audit is to check the quality of compliance of all applicable laws under which the Company and its Strategic Business Units operate.

### **Cost Auditor**

Pursuant to Section 233B of the Companies Act, 1956, the Ministry of Corporate Affairs has directed Cost Audit in respect of the Strategic Business Unit: Greases & Lubricants of the Company from the financial year 2006-07 onwards. Accordingly, Messrs Shome & Banerjee, Cost Accountants was appointed under Section 233B (2) of the Act for conducting the audit for the financial year 2010-11 and the appointment has also been approved by the Ministry of

Corporate Affairs. The Audit is under way and the report would be submitted to the Central Government within 180 days from the close of the financial year 2010-11 as mandated under Rule 5 of the Cost Audit Report Rules 2001.

Meanwhile, the Company has also received a direction from the Ministry of Corporate Affairs for audit of accounting records relating to Steel Industry which covers the SBU : Industrial Packaging with effect from the financial year 2011-12.

### **Board Procedure**

The Board of Directors meets from time to time with appropriate notice and agenda papers in a defined agenda format, which are circulated in advance to the Directors. All proposals to the Board in the form of Board Notes are prepared at the senior management level and are placed after being vetted by the Chairman & Managing Director and the concerned Whole-time Director besides obtaining concurrence of the Director (Finance), wherever the proposals involve financial implications.

Agenda papers are made in such form so as to facilitate meaningful and focused deliberations at the meeting. Where it is not practicable to attach any document in the agenda papers, the same is placed on the table at the meeting with specific reference to this effect in the agenda. In exceptional circumstances, and in matters having sensitivity, additional items on the agenda are submitted directly to the Board without written material being circulated in advance. The Secretarial Standards issued by The Institute of Company Secretaries of India are not mandatory; however the Company endeavors to adhere to these to the best possible extent, especially in the matters of board meetings, dividend and transmission of shares.

### **Payment of Dividend through National Electronic Clearing Services (NECS)**

The Reserve Bank of India(RBI) under Circular no. DPSS (CO) EPPD No. 2283 / 04.01.04 /2008-2009 dated 25 June 2009 addressed to the chief executives of banks, advised optimal usage and expansion of the NECS in order to provide credit to customer accounts without delay. The Company, accordingly, encourages use of NECS for payment of Dividend, wherever available. Shareholders are requested to avail of NECS facility by furnishing the 9 digit (MICR) code number of their bank and branch along with their 15 digit account number to the Registrar & Share Transfer Agent of the Company, viz. Link Intime India Pvt. Ltd in case they hold the shares in the physical mode and to their depository participant where the shares are held in dematerialized mode. This would facilitate prompt encashment of dividend proceeds and enable the Company to reduce costs of dividend distribution. It may be relevant to mention that RBI under Circular No. DPSS (CO) EEPD No. 282 / 04.03.01 /2010-11 dated 5 August 2010 has advised member banks participating in the electronic payment system to strictly adhere to the provisions contained in the procedural guidelines to avoid delays in affording credits through NECS/ECS.

### **Transfer of Unclaimed Dividend to the Investor Education and Protection Fund**

In terms of Section 205C of the Companies Act, 1956, it is mandatory to deposit the unclaimed amount lying in the

unpaid dividend account of the Company, to the Investor Education and Protection Fund established by the Central Government, after seven years.

Accordingly, the amount of unclaimed final dividend, which was lying in the 'unpaid dividend account' of the Company, for the financial year 2002-03 has been deposited with the

"Investor Education and Protection Fund" of the Central Government, by the Company on 1st December 2010.

The details of dividends remaining unclaimed as on 31 May 2011, which may, in future be required to be transferred to the Investor Education and Protection Fund by the Company are as below:

Date of Dividend Payment	For the financial year	Total amount of Dividend (₹)	Dividend per share (₹)	Amount of unclaimed dividend as on 31 May 2011 (₹)	% of Unclaimed Dividend on the total Dividend	Due date* for transfer to Investor Education and Protection Fund
1 October 2004	2003-04	5,70,01,284.00	3.50	518205.00	0.91	1 October 2011
29 September 2005	2004-05	8,95,73,446.00	5.50	811288.50	0.91	29 September 2012
25 September 2006	2005-06	14,65,74,729.00	9.00	1216446.00	0.83	25 September 2013
3 October 2007	2006-07	21,98,62,093.50	13.50	1911873.00	0.87	31 October 2014
3 October 2008	2007-08	27,68,63,377.00	17.00	2420594.00	0.87	1 November 2015
29 September 2009	2008-09	32,57,21,620.00	20.00	2739912.00	0.84	30 October 2016
1 October 2010	2009-10	37,45,79,863.00	23.00	3379988.00	0.90	31 October 2017

\*These are indicative dates. Actual Deposit dates may vary but would be as per Section 205C read with the applicable Rule(s).

During 1 April 2010 to 31 March 2011, the Company filed with the Registrar of Companies, West Bengal, the quarterly statements duly certified by a Practicing Company Secretary regarding the amounts which were credited to the Investor Education & Protection Fund pursuant to circular issued by Ministry of Law, Justice & Company Affairs, Department of Company Affairs vide F. No. 5/199-IPC-I, dated 21-6-2002.

Quarter ended	Due date of compliance	Date of compliance
30 June 2010	5 July 2010	2 July 2010
30 September 2010	5 October 2010	4 October 2010
31 December 2010	5 January 2011	5 January 2011
31 March 2011	5 April 2011	1 April 2011

## General Body Meetings

Details of the last three Annual General Meetings held by the Company are enumerated as under:

Date and Time	Venue	Type of Meeting	Special Resolution passed
24 September 2010 at 10.30 a.m.	G. D. Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata – 700 019	93rd Annual General Meeting	Yes a Special Resolution was passed at the AGM altering Articles 6 and 45 of the Articles of Association of the Company pursuant to Section 31 of the Companies Act, 1956.
24 September 2009 at 10.30 a.m.	G. D. Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata – 700 019	92nd Annual General Meeting	NIL
26 September 2008 at 10.30 a.m.	G. D. Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata – 700 019	91st Annual General Meeting	NIL

**Resolutions passed through Postal Ballot**

During the financial year 2010-11, there was no occasion for the Company to pass a Special Resolution through Postal Ballot under Section 192A of the Companies Act, 1956.

**Disclosures**

- a) There was no materially significant related party transaction executed during the financial year ended 31 March 2011 requiring disclosure under Clause 49 of the Listing Agreement, except as has been mentioned under Clause 14.22(i) and (ii) of Schedule-14 of the Notes on the Annual Accounts which were all carried out at arm's length prices and all disclosures have been made in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India.
- b) There was no non-compliance by the Company on capital market related matters and no penalty or stricture was imposed on the Company by the stock exchanges, SEBI or any other statutory authorities during the financial year ended 31 March 2011.
- c) The Company has, with effect from March 2003, introduced a Code for Prohibition of Insider Trading. The Company Secretary being the Compliance Officer, monitors adherence to the Code.
- d) The Company has filed requisite returns, documents and forms within the statutory time frame with the Registrar of Companies, West Bengal, as required under various provisions of the Companies Act, 1956.
- e) Pursuant to Clause 49 (VII)(1), the Company has obtained Certificate from the Statutory Auditors on compliance of the various conditions as stipulated under Clause 49 of the Listing Agreement and a copy of such Certificate is attached to this report.
- f) The CEO (Managing Director) and the CFO [Director (Finance)] have jointly certified to the Board, with regard to reviewing the financial statements, cash flow statements and effectiveness of internal control and other

matters as required under Clause 49 of the Listing Agreement.

- g) A Remuneration Committee has been constituted by the Board.
- h) The Company introduced the 'Whistle Blower Policy' with effect from 9 April 2010 as per Clause 49 of the Listing Agreement. Although this is a non mandatory requirement of the Listing Agreement, it has been introduced to promote and encourage transparency in the Company. It may be pertinent to mention that under the policy, whistle blowers have access to the Ombudsperson who is a non-executive Independent Director. The Listing Agreement enjoins that whistle blowers would also have direct access to the Chairman of the Audit Committee in exceptional cases.
- i) On and from 9 April 2010 the Company also introduced a 'Fraud Prevention Policy' with the object of promoting high standards of professionalism, honesty, integrity and ethical behavior. This policy meets the requirements laid down in the Guidelines on Corporate Governance for Public Sector Enterprises, 2010, which were made effective by the Government in May 2010.

**j) Remuneration Policy**

By virtue of Article 7A of the Articles of Association of the Company, the President of India is entitled to determine terms and conditions of appointment of the Directors. This *inter alia* includes determination of remuneration payable to the Whole-time Directors. The Company circulates/discloses to the Members such terms of appointment & remuneration/any variation thereof together with memoranda of interest of Directors in accordance with Section 302 of the Companies Act, 1956. The Company pays sitting fees of a sum of ₹ 10,000/- per meeting of the Board or Committee thereof attended by each of the non-executive Independent Directors. No sitting fee is paid to the Whole-time/Non-Wholetime Government Nominee Directors for the meetings of Board of Directors or Committees attended by them.

Details of remuneration paid to the Directors during 2010-11 are enumerated hereunder:

(All figures in ₹)

Name of Director	Salaries and allowances	Contribution to provident fund	Contribution to gratuity fund	Other benefits and perquisites	Sitting fees	Total Remuneration
Shri S K Mukherjee	2922680.00	279951.00	85000.00	208432.00	-	3496063.00
Shri VLVSS Subba Rao	-	-	-	-	-	-
Shri Shri Prakash	-	-	-	-	-	-
Shri Virendra Sinha	1239416.00	179872.00	17906.00	342185.00	-	1779379.00
Shri V N Sharma	2111564.00	243891.00	78539.00	388970.00	-	2822964.00
Shri K Subramanyan	2336274.00	237411.00	78539.00	115203.00	-	2767427.00
Shri K C Murarka	-	-	-	-	-	-
Shri Arun Seth	-	-	-	-	20000.00	20000.00
Shri M P Bezbaruah	-	-	-	-	130000.00	130000.00
Shri P K Bora	-	-	-	-	130000.00	130000.00
Shri Asish K Bhattacharyya	-	-	-	-	110000.00	110000.00
Smt. Abha Chaturvedi	-	-	-	-	70000.00	70000.00

Note: There was no expenditure debited in the books of accounts, which represent personal expenditure of the Board of Directors and Top Management.

- k) The Code of Conduct for Directors and Senior Management Personnel of the Company is operational. Declaration by the CEO under Clause 49 of the Listing Agreement has been set out elsewhere in the Annual Report.
- l) The number of equity shares of the Company being held by the Directors are as follows:

Name of the Director	Shares held in the Company
Shri S K Mukherjee	383
Shri V N Sharma	1650*
Shri K Subramanyan	101
Shri Virendra Sinha	258**

\*Including 250 shares held jointly [with his wife as the first holder]

\*\* Including 126 shares held jointly [with his wife as the first holder]

- m) The Company has instituted, a Risk Management Policy making the executive management accountable to assess risks and minimize the impact of risk as a continuing process as per Clause 49(IV)(C) of the Listing Agreement. The policy is fully operational.

## Shareholders' Information

<b>Date and time of the 94th Annual General Meeting</b>	: 23 September 2011 at 10.30 a.m.
<b>Venue</b>	: Ghanshyam Das Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata - 700 019
<b>Financial year ended on</b>	: 31 March 2011.
<b>Dividend Payment date</b>	: The dividend warrants would be posted or dividends would be transferred through NECS on or after 28 September 2011 and within 30 days from the date of declaration as provided in the Companies Act, 1956.
<b>Date of Book Closure</b>	: 13 September 2011 to 23 September 2011 (Both days inclusive)

The shareholders are required to submit NECS mandate / bank particulars, on or before 16 September 2011 at the following address:

Link Intime India Pvt. Ltd.  
59-C, Chowringhee Road, 3rd Floor  
Kolkata - 700 020  
Phone: (033) 2289 0540  
Telefax: (033) 2289 0539  
E-mail: kolkata@linkintime.co.in

## Shares in Suspense Account

Pursuant to Clause 5A(g) of the Listing Agreement, it is hereby confirmed that the Company has no share remaining unclaimed and lying in the suspense account at the beginning of the financial year, nor was the Company approached by any such shareholder for transfer of such shares from such suspense account.

## Stock Exchanges where the equity shares of the Company are listed and other related information:

Name and address of the Stock Exchanges	Stock code	Annual Listing Fee for 2010-11 paid to the Stock Exchanges on
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001	523319	25 April 2010
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai 400051	BALMLAWRIE	13 April 2010
ISIN Code of the Company	INE 164A01016	

## Means of Communication and Address for Correspondence

- Financial results are generally published in Financial Express (English), Business Standard (English), Aajkal (Bengali) and Jansatta (Hindi).
- The financial results and other notices issued by the Company are also posted on the website [www.balmerlawrie.com](http://www.balmerlawrie.com)
- The Company has an exclusive e-mail ID viz, [blsharegrievance@balmerlawrie.com](mailto:blsharegrievance@balmerlawrie.com) to enable the investors lodge their complaint/grievance, if any.
- All communications relating to share registry matters may be addressed to:

### Link Intime India Pvt. Ltd.

59-C, Chowringhee Road, 3rd Floor  
Kolkata - 700 020  
Phone: (033) 2289 0540  
Telefax: (033) 2289 0539  
E-mail: kolkata@linkintime.co.in

OR

### Balmer Lawrie & Co. Ltd.

Secretary's Department  
21, Netaji Subhas Road  
Kolkata - 700 001  
Phone: (033) 2222 5322/5314  
E-Mail: [dey.sk@balmerlawrie.com](mailto:dey.sk@balmerlawrie.com)  
or [mukhopadhyay.c@balmerlawrie.com](mailto:mukhopadhyay.c@balmerlawrie.com)

Distribution of Shareholding on the basis of face value of equity shares held as on 30 June 2011

No. of Equity shares	Number of Shareholders	Percentage of total Shareholders	Number of Shares	Percentage of total Shareholding
Upto 50	12251	59.44	258582	1.59
51 TO 100	3366	16.33	289596	1.78
101 TO 200	2115	10.27	335394	2.06
201 TO 300	836	4.06	215050	1.32
301 TO 400	436	2.12	157559	0.97
401 TO 500	416	2.02	198049	1.22
501 TO 1000	611	2.96	467089	2.87
1001 TO 2000	318	1.54	471166	2.89
2001 TO 3000	96	0.47	238052	1.46
3001 TO 4000	49	0.24	173796	1.07
4001 TO 5000	23	0.11	105741	0.65
5001 TO 10000	48	0.23	345210	2.12
10001 AND ABOVE	44	0.21	13030797	80.01
<b>TOTAL</b>	<b>20609</b>	<b>100.00</b>	<b>16286081</b>	<b>100.00</b>

Distribution of Shareholding as on 30 June 2011 on the basis of category of Shareholders

Category	No. of shares held	Percentage of Shareholding
<b>A Promoter's Holding</b>		
1 Promoters		
- Indian promoters	NIL	NIL
- Foreign promoters	NIL	NIL
<b>Sub-Total</b>	<b>NIL</b>	<b>NIL</b>
<b>B Non-Promoter's Holding</b>		
2 Institutional Investors		
a. Mutual Funds and UTI	943368	5.79
b. Banks, Financial Institutions, Insurance Companies (including Central/State Govt. Institutions/ Non-Government Institutions)	1409690	8.66
<b>C Foreign Institutional Investors</b>	298835	1.83
<b>Sub-Total</b>	<b>2651893</b>	<b>16.28</b>
<b>3 Others</b>		
a. Bodies Corporate*	10443129	64.12
b. Indian Public	3053520	18.75
c. Non-Resident Indians/ Overseas Corporate Bodies	137539	0.85
d. Any other	-	-
<b>Sub-Total</b>	<b>13634188</b>	<b>83.72</b>
<b>GRAND TOTAL</b>	<b>16286081</b>	<b>100.00</b>

\* Includes Balmer Lawrie Investments Ltd., a Government Company, which holds 10064700 equity shares i.e. about 61.80% of the total paid-up equity share capital of the Company. Balmer Lawrie Investments Ltd. is the holding company of Balmer Lawrie & Co. Ltd.

## Categories of Shareholders as on 30 June 2011

Category	Number of Physical Shares	Number of Dematerialized Shares	Total number of Shares	Percentage of Equity holding
Foreign Nationals	17806	418568	436374	2.68
Financial Institutions and Banks	12306	1393364	1405670	8.63
Balmer Lawrie Investments Limited (a Government company)	0	10064700	10064700	61.80
UP State Government	4020	0	4020	0.02
Mutual Fund	650	942718	943368	5.80
Bodies Corporate	8664	369765	378429	2.32
Directors & their relatives	742	1650	2392	0.01
Public	357019	2694109	3051128	18.74
<b>TOTAL</b>	<b>401207</b>	<b>15884874</b>	<b>16286081</b>	<b>100.00</b>

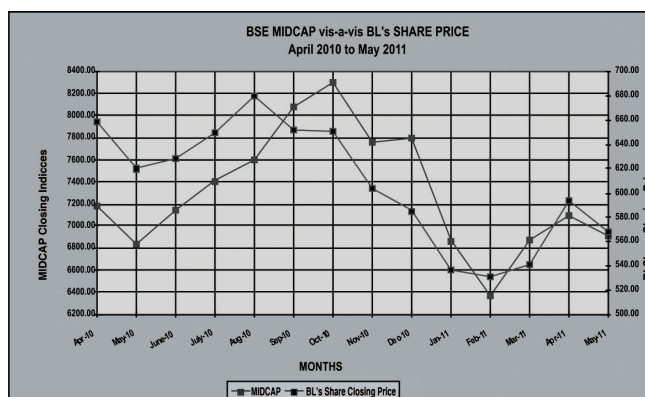
## Percentage of physical and dematerialized shares as on 30 June 2011

Type of shares	%
Physical	2.46
Dematerialized	97.54
<b>Total:</b>	<b>100.00</b>

## Market Price (High and Low) and the Volume of transactions in the Shares of the Company as per National Stock Exchange (for the period April 2010 to July 2011)

Month	High (₹)	Low (₹)	Volume of Transactions during the month (No.s)
April 2010	685.00	592.55	560835
May 2010	665.75	563.00	263844
June 2010	680.00	585.55	549107
July 2010	692.60	519.70	424467
August 2010	750.00	648.90	965904
September 2010	732.90	640.05	321068
October 2010	688.30	612.30	244256
November 2010	677.00	575.00	151003
December 2010	645.80	546.00	243118
January 2011	651.40	528.00	177386
February 2011	565.00	500.05	131903
March 2011	559.95	492.60	117212
April 2011	627.50	538.00	198953
May 2011	606.00	520.00	137227
June 2011	616.00	563.00	144422
July 2011	680.00	603.60	255704

## Market Price of the Equity Shares of the Company vis-a-vis the BSE MIDCAP



## Location of Business

Name of the business	Location	ISO 9001:2000 accreditation	ISO 9001:2008 accreditation	ISO 14001:2004 accreditation	ISO 18001:2007 accreditation
Greases & Lubricants	Manufacturing Units:				
	Chennai*	✓	—	✓	—
	Kolkata*	✓	—	✓	—
	Mumbai	✓	—	—	—
	Silvassa*	✓	—	✓	—
	Taloja	✓	—	—	—
	Marketing Offices:				
	Bengaluru	—	—	—	—
	Pune	—	—	—	—
	Chennai	—	—	—	—
	Kolkata	—	—	—	—
	Mumbai	—	—	—	—
	New Delhi	—	—	—	—
	Raipur	—	—	—	—
Secunderabad	—	—	—	—	
Vadodara	—	—	—	—	

Name of the business	Location	ISO 9001: 2000 accreditation	ISO 9001: 2008 accreditation	ISO 14001:2004 accreditation	ISO 18001:2007 accreditation
Industrial Packaging	Chennai	-	✓	✓	-
	Kolkata	-	✓	-	-
	Mumbai	-	✓	-	-
	Silvassa	-	✓	-	-
	Asaoti	-	✓	✓	-
	Marketing office:				
	New Delhi	-	-	-	-
	Baroda	-	-	-	-
	and at all the places mentioned above				
Performance Chemicals**	Manufacturing units				
	Chennai*	✓	✓	✓	
	Technical Service Centers:				
	Chennai	-	-	-	
	Kanpur	-	-	-	
	Kolkata	-	-	-	
	Ranipet	-	-	-	
	Marketing office:				
	Chennai	-	-	-	
	Kolkata	-	-	-	
Delhi	-	-	-		
Kanpur	-	-	-		
Ranipet	-	-	-		
Logistics Infrastructure	Chennai	✓	-	✓	✓
	Kolkata	-	-	✓	✓
	Navi-Mumbai	✓	-	✓	✓
	Ahmedabad	-	-	-	-
	Bengaluru	-	✓	-	-
Logistics Services:	Bengaluru	-	✓	-	-
	Chennai	-	✓	-	-

Name of the business	Location	ISO 9001: 2000 accreditation	ISO 9001: 2008 accreditation	ISO 14001:2004 accreditation	ISO 18001:2007 accreditation	
	Coimbatore	-	-	-	-	
	Delhi	-	✓	-	-	
	Hyderabad	-	✓	-	-	
	Karur	-	-	-	-	
	Kochi	-	-	-	-	
	Kolkata	-	✓	-	-	
	Lucknow	-	-	-	-	
	Mumbai	-	✓	-	-	
	Pune	-	-	-	-	
	Thiruvananthapuram	-	-	-	-	
	Tuticorin	-	-	-	-	
	Visakhapatnam	-	-	-	-	
	Engineering & Technology Services and Refinery & Oil Field Services	Kolkata	-	✓	-	-
	Tea Blending & Packaging***	Kolkata		-	-	
Tours and Travel	Ahmedabad	-	✓	-		
	Bengaluru	-	✓	-		
	Bhubaneswar	-	-	-		
	Chennai	-	✓	-		
	Delhi	-	✓	-		
	Hyderabad	-	✓	-		
	Kanpur	-	-	-		
	Kolkata	-	✓	-		
	Lucknow	-	✓	-		
	Mumbai	-	✓	-		
Pune	-	-	-			
Tiruvananthapuram	-	✓	-			
Vadodara	-	✓	-			

\* In addition to the above, Chennai, Kolkata and Silvassa unit of SBU: Greases & Lubricants and SBU: Performance Chemical have the accreditation of OHSAS 18001:2007 of TUV: SUD

\*\* The name of SBU: Leather Chemicals has now been changed to SBU: Performance Chemicals to more closely align with the added product range of the SBU.

\*\*\* Applied for ISO:9001, ISO:18001 and ISO:22000 certification.

**Declaration by Managing Director (CEO)  
under Clause 49 of the Listing Agreement**

To  
The Members of  
Balmer Lawrie & Co. Limited

I, S. K. Mukherjee, Managing Director of Balmer Lawrie & Co. Limited hereby declare that myself and all Designated Personnel (viz. all whole-time directors and officers in the rank. of general manager and above) of the Company, have affirmed compliance with the applicable Code of Conduct for the year ended 31 March 2011 .

Kolkata  
28 May 2011

S. K. Mukherjee  
Managing Director

**COMPANIES IN WHICH BOARD MEMBERS HOLD DIRECTORSHIP & THEIR MEMBERSHIP OF BOARD LEVEL COMMITTEES**

No.	Name of Director	No.	Name of Companies of which the Directors is a Director	No.	Membership of the Directors on Board level Committees
1	Shri S K Mukherjee	4	Balmer Lawrie (UK) Ltd Balmer Lawrie - Van Leer Ltd Balmer Lawrie (UAE) LLC PT Balmer Lawrie Indonesia (Commissioner)	2	<i>Audit Committee Member:</i> Balmer Lawrie & Co Ltd  <i>Shareholders'/Investors' Grievance Committee Member:</i> Balmer Lawrie & Co. Ltd.
2	Shri VLVSS Subba Rao	NIL	N.A.	2	<i>Audit Committee Member:</i> Balmer Lawrie & Co Ltd  <i>Shareholders'/Investors' Grievance Committee Chairman:</i> Balmer Lawrie & Co Ltd
3	Shri Shri Prakash	NIL	N.A.	NIL	N.A.
4	Shri V N Sharma	5	Transafe Services Ltd (Chairman) Balmer Lawrie - Van Leer Ltd Avi-Oil India Pvt Ltd Balmer Lawrie (UAE) LLC PT Balmer Lawrie Indonesia (Commissioner)	2	<i>Audit Committee Member:</i> Balmer Lawrie - Van Leer Ltd Transafe Services Ltd
5	Shri K Subramanyan	3	Transafe Services Ltd Balmer Lawrie (UK) Ltd Balmer Lawrie Investments Ltd	4	<i>Audit Committee Chairman:</i> Balmer Lawrie Investments Ltd. Transafe Services Ltd <i>Shareholders'/Investors' Grievance Committee Member:</i> Balmer Lawrie & Co Ltd Balmer Lawrie Investments Ltd
6	Shri V Sinha	2	Balmer Lawrie (UK) Ltd Transafe Services Ltd	1	<i>Audit Committee Member:</i> Transafe Services Ltd
7	Shri K C Murarka	1	BACO Pharm Pvt Ltd	1	<i>Audit Committee Member:</i> Balmer Lawrie & Co Ltd
8	Shri Arun Seth	8	BT (India) Pvt Ltd BT Telecom Pvt Ltd BT Global Communications India Pvt Ltd BT E-Serv (India) Pvt Ltd Jubilant Foodworks Ltd Globeop Financial Services Centum Learning Ltd Desicrew Solutions Pvt Ltd	2	<i>Audit Committee Member:</i> Jubilant Foodworks Ltd  <i>Shareholders'/Investors' Grievance Committee Member:</i> Jubilant Foodworks Ltd
9	Shri M P Bezbaruah	NIL	N.A.	1	<i>Audit Committee Chairman:</i> Balmer Lawrie & Co Ltd.
10	Shri P K Bora	NIL	N.A.	1	<i>Audit Committee Member:</i> Balmer Lawrie & Co Ltd
11	Shri Asish K Bhattacharyya	2	Escorts Asset Management Ltd Balasore Alloys Limited	3	<i>Audit Committee Member:</i> Escorts Asset Management Ltd Balasore Alloys Limited Balmer Lawrie & Co Ltd
12	Smt. Abha Chaturvedi	NI	N.A	1	<i>Audit Committee Member:</i> Balmer Lawrie & Co Ltd

**Auditor's Certificate on Corporate Governance  
To the Members of Balmer Lawrie & Company Limited**

We have examined the compliance of conditions of Corporate Governance by Balmer Lawrie and Company Ltd ("the company"), for the year ended 31 March 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India, and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of

Corporate Governance. It is neither an audit nor an expression of 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, and the representations made by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Kolkata  
July 30, 2011

For **J. GUPTA & CO.**  
Chartered Accountants  
Firm Reg. No.: 314010E

S. P. Dutta  
Partner  
Membership No. 13852

## **Management Discussion and Analysis**

[Forming Part of the Directors' Report for 2010-11]

A discussion and analysis of the performance of your Company during the financial year 2010-11 would be better evaluated/understood with a brief survey of the macro-economic scenario both within and outside the country. Available statistics indicate that the global economy staged a smart recovery in 2010 with the output rising by 5% reversing the decline of 0.6% in 2009. Nevertheless, uncertainty still persists particularly in Europe where some of the countries are facing difficult fiscal situation arising out of debt crisis. Also, the recovery of the US economy has continued to be slow and tentative. The developments in Japan, which was beset by a severe earthquake, a devastating tsunami and a consequential nuclear accident, have intensified the world's economic problems.

Even with the ongoing ripple effects of the global crises – post economic recession of 2008-09 – and the high rate of inflation experienced during the last one year, the economic outlook in India still portends to be encouraging. After growing at 8% in 2009-10, the Indian economy picked up further momentum recording GDP growth rate of 8.5% during 2010-11.

Your Company, Balmer Lawrie & Co. Ltd. is a multi-product and multi-location Company engaged in both manufacturing and service businesses focused on increasing shareholder value. The business of the Company consists of eight Strategic Business Units (SBUs), which are being discussed separately herein below:

### **1. INDUSTRIAL PACKAGING [SBU-IP]**

#### ***Industry Structure and developments***

SBU-IP offers an extensive range of 165 to 210 litre capacity mild steel barrels from its six manufacturing units spread across the country to serve diverse applications in the Petroleum, Chemicals and Food industries. The Company is the largest manufacturer of steel barrels in the country.

The Industrial Packaging Industry is characterized by surplus capacities and a large number of manufacturers, leading to depressed margins. The year 2010-11, witnessed a significant growth of the market enabling the SBU to record its highest ever volume of sales and also contributed to the substantially higher profits vis-à-vis 2009-10. Cost of Cold rolled steel, which is the main material input for the SBU, rose in the first quarter, was thereafter stable for the better part of the year, picking-up once again towards the latter part of the last quarter.

In 2010-11, the SBU commissioned a new barrel manufacturing plant at Chittoor in Andhra Pradesh to provide better service for the local fruit industry. The SBU continues to hold its lead position in terms of market share.

#### ***Opportunities & Threats***

The major Opportunities for the SBU lie in:

Extension of its product range, leveraging the benefit of

its multi-locational presence and well-accepted quality standards across diverse industry segments leading to “most preferred supplier” status with some customers and nurturing its Leading-edge technology and technical expertise.

The major Threats being faced by the SBU are the excess manufacturing capacity in the Industry leading to depressed pricing, competition from alternative products such as plastic drums and volatility in steel prices.

#### ***Segmentwise or Productwise Performance***

In 2010-11, the demand for the products offered by the SBU increased substantially compared to the preceding year. As a consequence, the SBU achieved its highest-ever sales volume and turnover and improved profits.

#### ***Outlook***

Indicative trends point to an equally good, if not better demand in 2011-12. Based on the country achieving its targeted GDP growth, the SBU expects its volume to grow further and market share to remain stable in 2011-12.

#### ***Risks & Concerns***

The plastic drum offer strong competition to SBU's products. This is an area of concern. Escalation in input costs, especially steel and paints, often results in less than commensurate product price adjustments and has generally subjected the industry to margin pressures. Sluggish growth rate in demand for / consumption of lubricants also forms an area of concern.

#### ***Internal Control Systems and their Adequacy***

The SBU is governed by performance budget system and internal control measures to monitor performance against targets/norms. BIS certificate is available for all products of the SBU. Five out of the six plants under the SBU are certified to ISO 9001:2000 Quality Management Systems and two plants are certified to ISO 14001:2004. Additional checks are maintained through Internal Audit, Vigilance Inspection, etc.

#### ***Discussion on Financial Performance with respect to Operational Performance***

The financial performance of the SBU for the year 2010-11 was extremely satisfactory owing to increasing market demand and higher sales volume achieved in respect of the products offered by the SBU.

#### ***Material Developments in Human Resources / Industrial Relations***

The SBU continues to enjoy cordial relationship with employees at all its units.

## 2. GREASES & LUBRICANTS [SBU-G&L]

### *Industry Structure and developments*

The size of the lubricant industry is estimated to have grown to about 1.5 million tons in 2010-11 valued at about ₹12000 crore. Automotive applications account for around 65% of the total lubricant market and the balance would mainly consist of industrial & institutional sectors. The per capita consumption of lubricants in India is still low compared to the developed countries and thus offers more scope for the lubricant industry to grow. Currently, India is the sixth largest market in the world and the third largest in Asia after China and Japan.

The lubricant industry in India is dominated by the PSU Oil Companies and MNCs who together have a market share of over 75%, with several other large, medium and small-scale players making up the rest. Competition is fierce but the Company has the potential to expand the lubricant business on account of its strength in both industrial and automotive sectors. The market remains highly price sensitive.

Despite these challenges, in the long-term the overall outlook for the automotive lubricant business appears to be good due to growing Indian economy and increased purchasing power of the consumers.

### *Opportunities and Threats*

The Company sees good opportunity to build upon its lubricants business in the context of improved availability of imported base oil in India and the infrastructural growth that is likely to accentuate transportation leading to higher demand for lubricants. The expected growth in the 4-Stroke 2-Wheeler segment would also provide opportunity for launching value-added, high-quality engine oils suited for such application. Small goods vehicles, cars and motorcycles have made deep inroads into the rural market; this is expected to boost lubricant sales over a wide customer segment.

Opportunities exist for developing and promoting eco-friendly, biodegradable lubricants and other high-end innovative products leveraging the Company's own in-house R&D.

The Company's ester manufacturing facility at Kolkata and capabilities in in-house development of ester based lubricants would facilitate creation of market for eco-friendly / biodegradable lubricants.

Amongst the threat perceptions, volatility in the prices of key raw materials viz. base oils and additives is at the forefront. This often pushes up the lubricant prices and affects the demand as also profit margins. Technological advancements such as longer 'drain intervals' and use of 'filled-for-life' lubricants, would tend to contain increase in lubricant consumption in the long term. In Tender-based businesses, PSU oil majors have the advantage of their own base oil production and this causes pressure on the margins and market share of the Company. Nevertheless, the Company proposes to meet the threats harnessing its technological superiority in order to retain/improve its market share.

### **Segmentwise or Productwise Performance**

The business of SBU: G&L may be broadly divided into-

- (a) Processing Business or Contract manufacturing for others including oil/ lube companies, and
- (b) Direct Sales

The Processing business during 2010-11 has shown a growth of 18% compared to 2009-10.

The direct sales segment may be categorized into [a] Institutional/Industrial sales, [b] Retail sales and [c] Export. In the Institutional/Industrial sales category, the major consumers are Railways, Defence, Steel, Coal / Mining, Jute and Sponge Iron sectors.

The SBU achieved its highest ever production, sales / retail sales volume as well as turnover during the year. OHSAS-18001:2007 certification for the Kolkata, Silvassa and Chennai plants were obtained.

### **Outlook**

The lubricant industry has a good growth orientation against the economic backdrop. From a strategic perspective, the Company proposes to introduce more and more value-added speciality products for niche markets particularly for the steel and the automobile sectors. Also on the anvil are plans to manufacture eco-friendly / biodegradable lubricants in the Indian market. Currently, the Indian market has only a negligible presence in these types of lubricants.

### **Risks and Concerns**

The major risk factors emanate from increasing prices of base oils and other input materials. Prices of certain materials are seen to be close to the peak levels reached in 2009. Possible slowdown in growth in manufacturing and transportation sectors is another major risk. Some contracts with major customers where the Company is committed to make supplies at fixed prices aggravate the risks associated with rising input costs.

### **Internal Control Systems and their Adequacy**

The SBU has a detailed Management Information System to control and monitor performance against budget / targets. On-line Depot Management System has been made operational in all regions in view of the growing retail sales volume. Other internal control systems such as Internal Audit, Vigilance inspections etc are also adopted suited to its business needs and these are reviewed periodically.

The Quality, Safety and Environment Management systems at all plants are certified to ISO 9001:2000, ISO 14001:2004 standards and OHSAS 18001 Certification.

### **Discussion on Financial Performance with respect to Operational Performance**

The SBU achieved all-time high levels of production, sales volume and turnover during the year. Profit was marginally lower than the previous year primarily due to the increasing trend in prices of base oils.

### **Material Development in Human Resources / Industrial Relations**

The industrial relations scenario in all the Divisions / Units of the SBU continued to be cordial and peaceful.

## 3. LOGISTICS SERVICES (SBU-LS)

### Industry Structure and Developments

Logistics Industry is a sunrise industry which is forecast to grow rapidly at a Compounded Annual Growth Rate (CAGR) of approximately 9%. Available data indicates that the industry turnover lies somewhere in the region of \$ 80 billion - \$ 100 billion. Much of the industry is fragmented with a mere 10% under the control of the organized sector. The logistics cost in India is estimated at around 13% to 14% of the GDP as against 9% to 10% in the industrialized nations. Higher logistics cost together with the requirement of progressively larger investments in the sector are twin factors which would provide impetus for the growth of the organized sector. One other driver of growth would be the benefits accruing from the long awaited implementation of GST.

### Opportunities and Threats

The SBU is heavily reliant on air cargo consolidation. The Logistics Industry has emerged from the shadows of the global economic slowdown witnessed in the previous year; but air-cargo has been confronted by serious disruptions during 2010-11 in the form of the Islandic Volcanic eruptions and the consequent phenomenon of 'ash cloud' in the European skies. The inevitable fallout of these was a hardening of airline rates followed by distinct shift in movement of air cargo to alternative transport modes such as sea freight especially from Europe, which detrimentally impacted the revenues of the SBU in the year under report.

As the strength of the SBU lies essentially in interfacing with the Government Departments and in providing total door-to-door logistics solutions to PSUs, the SBU has been making concerted efforts to cater to the ocean import requirements of the Government departments and the PSUs. These efforts have not produced the desired results inasmuch as the Government departments and PSUs continue to route imports through the Chartering wing of the Ministry of Shipping on 'Free on Board' [FOB] basis. However, the SBU continues to target the export business of Government departments and the PSUs.

### Segmentwise or Productwise Performance

The SBU-LS offers a comprehensive array of services including import consolidation by Air and Ocean, customs clearance at various sea ports, handling of project cargo through multi-modal transportation, chartering of aircrafts and vessels besides providing express services.

Air cargo handling, provision of related services like customs clearance and chartering continue to be the core revenue generator of the SBU. Strengthening of air-freight rates and drop in imports by some major customers adversely affected the profit from the air activity during 2010-11, which was marginally lower than the previous year.

### Outlook

Enhanced focus on marketing efforts, especially directed at the Private Sector, has been initiated by the SBU. The SBU expects to show growth both in the top line and

bottom line and is exploring possibilities of expanding its business coverage through the opening of new branches in various cities and towns.

### Risk and Concerns

With virtually no entry barriers and highly fragmented industry structure, the Logistics Industry is acutely competitive. Despite these factors, the last few years have seen the emergence of major players and multinational companies into this arena. Additionally, a number of shipping lines are getting deeper into the logistics value chain — either directly or through their subsidiaries — and providing end-to-end solutions. The SBU is fully seized of the associated risks and is taking suitable action geared to not only protecting but also enhancing its market share.

### Internal Control Systems and their Adequacy

The SBU has in place an effective internal control mechanism which includes external and periodical internal audits. All major branches of the SBU are ISO 9001 : 2008 accredited.

### Discussion on Financial Performance with respect to Operational Performance

Despite intensive marketing efforts, the turnover of the SBU in 2010-11 was down primarily due to reduction in handling of air import tonnage and accordingly profits was also affected.

### Material Developments in Human Resources / Industrial Relations

Industrial relations continue to be cordial at all units of SBU while operating with optimum level of manpower.

## 4. TOURS & TRAVEL [SBU-T&T]

### Industry Structure and Developments

The Aviation sector is amongst the fastest growing sectors in India driven by a massive boom in Tourism and increasing levels of disposable incomes. After a drop in traffic growth in the previous year, the industry saw a growth in excess of 15% making India the 9<sup>th</sup> largest aviation market in the world. Domestic Airlines carried more than 50 million passengers during the year 2010-11 and given the strong market fundamentals, it is expected that the civil aviation market will register more than 15% CAGR in the next 2-3 years.

The SBU is one of the largest travel agencies in the country affiliated to the International Air Transport Association (IATA) which is currently estimated to have more than 2600 members in India. In addition to IATA approved travel agents, there are approximately 5500 non-IATA travel agents functioning in the country.

During 2010-11, the Government of India lifted the austerity measures – restricting travel in the executive class in the Domestic sector and the business class in the International sector for employees working in the Government departments and PSUs. This had a positive impact on the business as the SBU's main customers are Government Departments and PSUs. On the

downside, there was no change in the status of 'zero' commission norm applied by the European carriers despite advisory from the Directorate General of Civil Aviation (DGCA) to all the airlines to restore commission payable to Travel Agents.

A welcome development during 2010-11 was Lufthansa giving an outstanding performance award to the SBU for its efficiency and effectiveness in functioning as an agency of the travel industry.

### **Opportunities and Threats**

The business opportunities for the SBU lies in the fact that India is back on the track of sustained economic growth which will continue to provide impetus to growth of Air travel both by the corporate and the individual travellers. The availability of low-cost airlines offering choice of multiple destinations, both domestic & international, is giving further impetus to the growth of this sector. Growth in outbound and domestic tourism are also positive indicators for the SBU.

During the year 2010-11 the SBU initiated a number of steps to improve technology in the back office. Steps were taken to install a new operating system which has since been commissioned at Delhi branch and will be rolled out to all the other branches in the ensuing year. During the year, action was also initiated to put in place a web-based platform for providing on-line travel services to both corporate and individual travellers. Call Centre operations have been further strengthened to provide a 24x7 service to the SBU's customers. All major branches of the SBU are certified to ISO 9001: 2000 standards which re-affirms the quality of service offered by the Company.

Amongst the threat factors, as mentioned earlier are reduction in commission and incentives by the airlines. Apart from the on-line travel agencies, the Airlines are providing incentives and facilities for directly dealing with the customers through the internet. This has imparted a degree of challenge to the business. High overheads of the Company together with some of the PSUs resorting to tender system are areas of concern for the SBU.

### **Segmentwise or Productwise Performance**

The business of the SBU comprises 3 main segments viz., Domestic Travel, International Travel and Tours. During 2010-11, the performance in all the above segments exceeded the budgeted targets on account of diverse positive factors as explained above.

### **Outlook**

Given the strong market fundamentals, increase in capacity in the domestic Airlines, particularly LCCs and Open Sky policy, it is expected that the civil aviation market would continue to grow in the near term. Domestic and International travel business is poised to grow with higher disposable income in the hands of the people.

### **Risks and Concerns**

Lower commission by domestic carriers and zero commission by the European airlines have been areas

of concern. Competition in the market is becoming more intense day by day inasmuch as private sector operators / small operators are offering / giving away commission and discounts to wean away clients.

The last few years have witnessed the emergence of major players and multinational companies into this business. The entry of multinationals has raised the bar both in terms of technology and service levels to customers. These have imparted a new dimension to the risk-return profile.

### **Internal Control Systems and their Adequacy**

SBU: T&T has adequate internal control as well as checks and balances in its systems and procedures.

### **Discussion on Financial Performance with respect to Operational Performance**

Segment-wise performance analysis and sales indicate that the SBU: Tours & Travel was one of the main revenue generators for the Company. Actual performance during 2010-11 in the Travel as well as the Tours segments was significantly higher than the previous year.

### **Material Development in Human Resources / Industrial Relations**

Industrial relations continue to be cordial at all units of SBU while operating with optimum level of manpower.

## **5. LOGISTICS INFRASTRUCTURE [SBU-LI]**

### **Industry Structure and Development**

The Logistics container market consists of two major segments viz., (a) Container Freight Station (CFS) and (b) Inland Container Depot [ICD]. The CFSs represent the fastest growing segment in the Logistics container Industry. Increasing international trade and rising containerization in India have fuelled the growth. The CFSs function as extension of the port and helps in decongesting the ports. They provide facilities for storage of containers, customs clearance, aggregation and segregation of EXIM Cargo and transportation to and from ports, which are the gateway to international trade.

In the last five years, container traffic in Indian Ports has grown at a CAGR of over 12%. However, the total containerised traffic, at major ports in 2010-11, was only 20% of the tonnage handled at these ports. This is quite low compared with statistics pertaining to world sea trade which indicate that nearly 50% thereof is containerized. The total containerised traffic currently in India lies in the range of 8.75 million TEUs per annum and the market size of Indian Container logistics is valued at close to ₹75 billion.

The SBU-LI specializes in operating CFSs and Warehousing & Distribution. Currently, the 3 CFSs of the Company are at Nava Sheva-Navi - Mumbai, Chennai and Kolkata. Incidentally, these three ports account for nearly 80% of the total container traffic in India. Warehousing & Distribution too has been a traditional activity of the Company and the SBU operates warehousing facilities at Kolkata and Coimbatore.

## Opportunities and Threats

95% of the global trade by volume takes place through the sea route and more than half of it is containerized. Growth of international trade coupled with increasing containerization in India has contributed to the enhanced usage of CFSs and ICDs.

In 1992, when the Inter-ministerial committee for ICDs and CFSs was put in place, India had only 27 functional CFSs and ICDs. As of today, this number has crossed 250. Proliferation of CFSs has led to capacity underutilization with the average utilization of CFS standing at about 60%. This is no doubt a dampening factor. Realizing the impact of this negative factor, the SBU: LI put in considerable marketing efforts with the result that all three CFSs have achieved capacity utilization close to 100% thereby converting the threat into an advantage. Further, to take care of increasing demand, all three CFSs are in various stages of expansion; the SBU expects to start deriving benefits from the expansion at Kolkata and Chennai before the close of the next year.

## Segmentwise or Productwise Performance

Compared to the preceding year, the year 2010-11 was a satisfactory year in which the SBU recorded a volume growth of 20%. Of the total volume handled by the CFSs of the Company, nearly 94% was due to handling of import containers, the balance 6% being attributable to handling of export boxes. All 3 CFSs of the Company recorded growth in excess of 10% with Chennai clocking more than 40% growth over the previous year.

Warehousing & Distribution activity which traditionally had been handling bulk metal, has initiated steps for increasing covered warehousing to meet the requirements of the retail and the consumer durables sectors. This helped the activity to show nominal profit. Steps have been taken to increase the covered warehousing capacity.

## Outlook

With the continued growth in the EXIM trade, the SBU expects to accomplish further growth in the coming years. This would be spurred by the increase in handling capacity which is nearing completion at Kolkata and Chennai CFSs. However, competitive pressures would be expected to increase and this is expected to affect margins.

## Risks and Concerns

The industry is highly fragmented and there are hardly any entry barriers. Competition is aggravated by the presence of many of the global logistics service providers in the business space in India. The shipping lines are increasingly entering this business directly and adding to the competition. This is having a double-edged effect; on the one hand, the market size of the "free CFSs" is diminishing and on the other, the margins are getting increasingly squeezed.

## Internal Control Systems and their Adequacy

The SBU has in place an effective internal control mechanism which includes periodical internal and external audit. All three CFSs are certified to ISO 9001: 2008, ISO14001: 2004 and ISO: 18001: 2007.

## Discussion on Financial Performance with respect to Operational Performance

Segment-wise performance analysis and sales indicate that Logistics Infrastructure was one of the main revenue generators for the Company. Accordingly, the SBU ended the year with its highest ever turnover and profit also showed a healthy growth of 20% over 2009-10.

## Material Developments in Human Resources / Industrial Relations

Industrial relations in all the Container Freight Stations and Warehousing & Distribution Units have remained cordial throughout the year.

## 6. PERFORMANCE CHEMICALS [SBU-PC]

### Industry Structure & Developments

Globally Leather Trade is valued at US \$ 145 Billion and is expected to grow at the rate of 6% per annum to reach US \$ 245 billion by 2020. India's export of Leather & Leather articles which is currently at US \$ 3.7 Billion is expected to grow to a level of US \$ 9.8 Billion by the year 2020.

India is the second largest manufacturer of footwear, after China, producing 16% of global output.

Footwear segment would be the engine of growth for the leather sector. Footwear will constitute about 60% of export and second important segment will be leather goods.

Referring to the Leather Chemicals Industry, globally consumption of Leather Chemicals is estimated at 1.8 million Tonnes. India consumes 4% of the Leather Chemicals. India's Leather Chemicals market size is about ₹ 1500 crore which is expected to increase further in tandem with the increase in volume of leather processing in the country.

### Opportunities and Threats

India has become one of the global sourcing centres for finished leather and leather products on account of the availability of vast raw materials in the form of goat, cow, buffalo and sheep hides. The low cost of production compared to other countries has given a definite edge to India in the pursuit of becoming a global major in this industry. Domestic consumption of leather goods too has received a boost with the emergence of modern retailing outlets in major cities, which has paved the way for the entry of branded leather products in the market place. These developments augur well for the growth of the Leather Chemicals industry in India. The strong brand of the Company, capability to manufacture cost effective Fat Liquors and Syntans, R&D capabilities, familiarity with the Indian Market and high customer retention are positive factors for the SBU.

Against the above backdrop, the objective of SBU-Performance Chemicals has been to not only consolidate its existing product-lines within the area of Leather processing chemicals but also to broaden its product range by entering into construction chemicals, . Entry into new areas of Performance Chemicals is considered

to be desirable as it would leverage the technological strengths and help deal with the cyclical swings in the markets. This accounts for the change of name from SBU-Leather Chemicals to SBU-Performance Chemicals which has been made operative in 2010-11.

The threat perceptions of the SBU:PC are essentially linked to liberal financial terms offered by foreign companies in selling competitive products, entry of small players in the domestic market offering low priced products and fluctuation in foreign exchange rates all of which can potentially impact the margins of the SBU.

#### Segmentwise or Productwise Performance

In the Fat Liquors segment, the Company has had a volume growth of 13% over the last year which corresponds to 16% rise in turnover. Using in-house R&D, the Company has introduced new Fat Liquor Chemicals in the product-mix.

In the Syntan segment, an impressive growth of 30% both in volume and turnover was achieved in 2010-11 compared with the previous year. Overall, the SBU achieved 17% growth against last year's sales by volume which is equivalent to 22% rise in turnover.

#### Outlook

The leather industry in India is again witnessing a difficult phase with inadequate availability and spiralling prices of hides and skins. This slow-down, if sustained, could adversely impact the leather chemicals business. The Company however has confidence in the longer-term prospects of this vital business and is investing further in R&D and Technical services for strengthening its product range and service support to customers.

As mentioned, the SBU has striven to broaden its activities by entry into the business of manufacturing Construction Chemicals.

#### Risks and concerns

The steady rise in the prices of raw materials, energy and other input costs has relentlessly impacted the margins in the business. The performance of the leather processing industry also has direct impact on the SBU's business.

#### Internal Control Systems and their Adequacy

The SBU has internal control systems commensurate with the complexity and scale of its operations. There is a computerised business operation system. The manufacturing unit, product development and marketing functions are now certified under Integrated Management System comprising of ISO 9000:2000, ISO 14000 and ISO 18000 standards.

#### Discussion on Financial Performance with respect to Operational Performance

Sales volume and turnover of the SBU: PC increased significantly when compared with the financial year 2009-10. This was achieved *inter alia* owing to success of R&D efforts, commitment of the distributors, expanding reach and strengthened Technical service support to customers.

#### Material developments in Human Resources / Industrial Relations

The SBU continues to upgrade skill of the employees through in-house training programmes. Industrial relationship continued to be satisfactory during 2010-11.

### 7. TEA [SBU-TEA]

#### Industry Structure and Developments

India's tea production during 2010 was about 965 million Kg down by 14 million Kg from the previous year figure. The drop in production was due to erratic weather conditions coupled with pest attack in North Eastern India. There was a diminution in the volume of tea exported as compared to 2009. However, domestic consumption of tea touched 840 million Kg as against 832 million Kg. in the previous year, a growth of around 3%.

#### Opportunity and Threats

The Company has decided to revive the SBU: Tea and, accordingly, the entire infrastructure has been revamped to cater to the increase in activity. The management setup has been made more pro-active and young, energetic, professionally qualified personnel have been inducted in the division. The SBU now possesses a modern packaging unit with the latest automated blending drum, sachet and pouch-packing and Tea bagging machines. The SBU is focused on building up its strength in packing high value-added teas for the domestic market and its overseas buyers.

As a merchant exporter, the SBU faces stiff competition from the producer exporters since the major tea consuming / importing countries are increasingly becoming price conscious in sourcing their teas.

#### Segmentwise or Productionwise Performance

During the year 2010-11, both export sales and domestic sales have shown improvement over the previous year.

#### Outlook

Plans have been chalked out to launch packed tea in domestic market and to sell the same in select markets utilising the FMCG distribution channel. The SBU proposes to launch high quality CTC tea under the Brand name *Tarang* and premium quality Darjeeling orthodox and green tea under the Brand name *Balmer Lawrie – The Tea*. Also, on the anvil are plans for coming out with tea bags. In addition, greater opportunity is seen in Contract Packaging.

#### Risks and Concerns

The increasing demand of the developed countries for tea having no chemical / pesticide residue and also conforming to their chemicals and residue levels, as put forth by the Health Ministry, is an area of concern not only for the SBU but also for the Indian tea industry.

The major concern continues to be the manpower costs which are high compared to the volume of business generated.

## Internal Control System and their Adequacy

The activities of the SBU are strictly governed by the Internal Control System laid down by the Company.

## Discussion on Financial Performance with respect to Operational Performance

During the year 2010-11, the SBU achieved a growth of 27% in export turnover. However, the financial performance was far from satisfactory as significant investments were required to be made during the year. We expect the SBU to turnaround in about 2-3 years.

## Material Development in Human Resources / Industrial Relations

Industrial relations in the SBU remained cordial. Further, to increase productivity, training is being imparted on the new automated machines to the operating staff.

## 8. Refinery & Oilfield Services [SBU:ROFS]

### Industry Structure and Developments

The Refinery & Oilfield Services portfolio consists of Mechanized Tank Sludge Cleaning & Hydrocarbon Recovery services, Not many players are there in the industry.

The SBU offers systems for prevention of vapour loss of petroleum products from storage tanks and other technology driven services such as Composite repair service, non-metallic technology for repair of pipelines / storage tanks to avoid unplanned shutdown, preventive external action to check corrosion and decontamination services for refineries and petrochemical plants.

### Opportunities and Threats

The SBU enjoys a market leadership in 'In-situ' tank sludge cleaning and hydrocarbon recovery having processed more than 80,000 KL of oily sludge during the last decade. The SBU also provides mechanized lagoon sludge treatment and hydrocarbon recovery services and have processed more than 35000 KL of oily sludge during the last five years. The process established for carrying out lagoon sludge treatment has been demonstrated to be a technologically advanced and sophisticated process. To maintain its leadership in the process and to effectively meet market demand, the SBU is working at capacity augmentation through fresh capital investment.

The SBU aims to provide state-of-the-art technology in niche areas with a view to improve / promote environment as also safety and productivity in oil refineries as also oil installations and exploration sites.

The main threat faced by the Company relate to long lead times in finalisation of contracts and entry of new players.

### Segmentwise or Productwise Performance

The SBU continues to maintain its market leadership in the areas of Mechanized Tank and Lagoon sludge cleaning with growth in both segments.

## Outlook

The SBU is working to expand its tie up with relevant international technology suppliers and to intensify the marketing of the technologies. Improved business prospects are seen in the coming years.

## Risks and Concerns

The risk-profile of the SBU centres around threats of competitive technology and processes. The SBU attempts to bring forth technological advantage of its products and services and also align its service offerings to suit specific needs of its customers.

The SBU also faces risk of downtime during execution of work at site, due to factors beyond its control; the aim is to minimizing the gap through discussions with potential clients.

## Internal Control System and their adequacy

The SBU has well defined and established working procedures and control systems accredited to ISO 9001: 2008. These are reviewed periodically and constantly upgraded.

## Discussion on Financial Performance with reference to Operational Performance

The SBU has recorded more than 19% increase in turnover during the financial year, with improvement in the bottom line.

## Material Developments in Human Resources / Industrial Relations

The SBU operates with a lean manpower structure. The SBU has extended its operations, simultaneously working in several locations of the country. To cope with the spread, the Company recruited a number of technical personnel for uninterrupted operations.. Extensive training programme are conducted for continuing upgradation of operating personnel at site.

## Corporate Social Responsibility

[a] The Company firmly believes that an organisation's true worth extends beyond its business and is best reflected by the service it renders to the community and the society. Corporate Social Responsibility [CSR] has always been an integral part of the Company's vision and forms the cornerstone of Core Values underlying Good Corporate Citizenship. The need to strike a fine balance between the overall objective of achieving corporate excellence with growth vis-à-vis discharge of corporate social responsibility towards the community is well understood in the Company. The need for fusing the twin objectives spanning business and social commitment, has prompted the Company to embark upon CSR programmes in the ambit of education, health and infrastructural development. The Company has been contributing to the socio-economic development of the weaker sections of the society and taking action in the gamut of CSR, the underlying objective being to ensure overall

conservation of environment and improvement of ecological balance.

- [b] The Company's CSR policy addresses the issue of Community Development including Health & Hygiene, provision of drinking water, education infrastructure, old age care, income generation, etc. under its SCP/TSP and Gender Budgeting initiatives. The policy envisages spending 2% of the net profit of the previous year on identified CSR activities.
- [c] The Company has spent an amount of ₹ 117.41 lakh

during 2010-11 towards CSR under the 'Tribal Sub Plan [TSP] / 'Special Component Plan [SCP]' and Gender Budget through the two flagship schemes, i.e. "Balmer Lawrie Initiatives for Self-Sustenance" [BLISS] and "Samaj Mein Balmer Lawrie" [SAMBAL]. The contributions were made in different thrust areas like (i) Education, (ii) Health, (iii) Infrastructural Development, (iv) Environment & Ecology, (v) Nurture Nature through Tree Plantation, etc. The sector-wise break-up of the expenditure is as follows:

Sector	Summary of Projects	Amount Spent [₹/ Lakh]
Education	Adoption of classes for children suffering from cerebral palsy.	13.16
	Construction of new school building for street children Below the Poverty Line and Construction of new school building of Adarsha Bidyamandir of Dara	19.30
	Adult Education through Rotary Club of Silvassa	0.60
Health	Adoption of Thursday Clinic for treatment of needy children at Kolkata	10.00
	Mobile Medical Unit at Chennai	28.10
	Construction of Primary Health Centre at village at Mumbai	7.20
Care for weaker and old aged persons	Adoption of two families of SOS Children's Village at Kolkata and support to destitute elders at Chennai.	13.60
Village Development	Adoption of Khadoli Village at Silvassa	14.00
Environment & Ecology	Contribution towards creation of Environment Awareness at Silvassa	10.00
Nurture Nature through Tree Plantation	Contribution towards Environmental Sustainability at Bengaluru	0.85
Self-Sustenance	Motor Driving training for the youth at village around Silvassa.	0.60
	<b>TOTAL</b>	<b>117.41</b>

- [d] The Company also contributed a sum of ₹ 12.86 lakh to honour the Indian medal winners in the recently concluded Commonwealth Games held at New Delhi.
- [e] CSR initiatives were undertaken in different villages around the establishments. These have been appreciated and earned accolade from local inhabitants. These have played a stellar role in improving quality of life for the local populace by providing them access to the physical infrastructure established by the Company.
- [f] Consistent with the guidelines stipulated by the Department of Public Enterprise [DPE], the Company is in the process of constituting a CSR Committee for driving the CSR initiatives.

applicable securities laws and regulations. Actual results may differ materially from expectations. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of products, input availability and prices, changes in government regulations / tax laws, economic developments within the country and factors such as litigation and Industrial relations.

The information and opinion stated in this section of the Annual Report essentially cover certain forward-looking statements, which the management believes to be true to the best of its knowledge at the time of its preparation. The management shall not be liable to any person or entity for any loss, which may arise as a result of any action taken on the basis of the information contained herein.

The nature of opinions herein are such, that the same may not be disclosed, reproduced or used in whole or in part for any other purpose or furnished to any other person without the prior written permission of the Company.

**Cautionary Note:** The statements in the Management Discussion & Analysis describing the Company's focal objectives, expectations and anticipations and those of its SBUs may be forward looking within the meaning of

**Auditor's Report to the Members  
of Balmer Lawrie & Company Limited**

1. We have audited the attached **Balance Sheet of Balmer Lawrie & Company Limited** (the Company) as at 31<sup>st</sup> March 2011, and also the Profit and Loss Account and Cash flow Statement for the year ended on that date annexed thereto, in which are incorporated the accounts of the Regions audited by Branch Auditors in accordance with the letter of appointment issued by the Comptroller and Auditor General of India. 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.

**and providing unsecured loan of ₹ 1817.92 lakhs to BLVL for the purpose of purchase of shares held by ICICI Venture, was done without going through a process of Due Diligence. In addition the interest falling due for payment as on 31/03/2011 has also been not serviced. Therefore, in our opinion, all these investments totaling to ₹ 3701.20 lakhs appear to be prejudicial to the interest of the company.**
2. We have 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the order') as amended, issued by the Central Government of India in terms of Sec 227(4A) of the 'Companies Act 1956' of India (the Act), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comment in the Annexure referred to above, we report that:
  - (i) 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 subject to some observations as under:
    - a) **ICICI Venture Fund Management Co. Ltd. exited the joint venture unit, Transafe Services Ltd. (TSL) with full benefits without retaining any right of recovery on the part of Balmer Lawrie & Co. Ltd. (BL) for possible losses. Specific joint venture agreement between BL and ICICI specifying the exit clause, important for any joint venture agreement could not be provided.**

**Consequent to exit of ICICI Ventures from TSL, the entire financial burden fell upon and/or assumed by Balmer Lawrie & Co. Ltd. (BL) for arranging necessary fund for settling the accounts of ICICI Ventures with premium as well as bringing in new partner namely Balmer Lawrie Van Leer Ltd. (BLVL), another unit of joint venture arrangement with BL.**

**Investment of ₹ 553.28 lakhs during the previous year, a fresh further Investment of a sum of ₹ 1330.00 lakhs during the current year by way of acquiring preference shares in TSL**
    - b) **The internal control system as regards management of debtors and generation of scrap by the manufacturing units of the Company needs to be further strengthened.**
  - (ii) 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 those books. The related Branch Auditor's Reports have been forwarded to us and have been appropriately dealt with in preparing this report;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Profit and Loss Account, Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
  - (v) This being Government Company, the provisions of the Section 274(1) (g) of the Act relating to disqualifications of directors are not applicable; vide Government of India, Department of Company Affairs Notification No. GSR 829(E) dated 21 October, 2003
  - (vi) Subject to our observation in 4 (i) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes and accounting policies thereon and annexed thereto, give the information required by the Act in the manner so required and give 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 Company's affairs as at 31<sup>st</sup> March 2011;
    - (ii) in the case of 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 for the year ended on that date.

For **J. GUPTA & CO.**  
Chartered Accountants  
Firm Reg. No.: 314010E

S. P. Dutta  
Partner

Kolkata  
Date: 28th May 2011

Membership No. 13852

## Annexure to Auditor's Report

The Annexure referred to in paragraph 3 of the Auditor's Report of even date to the members of Balmer Lawrie & Company Limited ('the Company') on the financial statements for the year ended 31<sup>st</sup> March, 2011. We report that:

1. a. The Company has maintained proper record showing full particulars including quantitative details and situations of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets by which plant and machinery are verified every year, and other fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, in accordance with its programme, plant and machinery and certain other fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- c. In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of the fixed assets during the year.
2. a. The inventory of the Company has been physically verified during the year by the management. In our opinion, having regard to the nature and location of inventory, the frequency of verification is reasonable.
- b. In our opinion, the procedure of physical verification of the inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. As represented to us, there are no Companies, firms or other parties to be listed in the register maintained under Section 301 of the Companies Act, 1956 ('the Act'). Accordingly, paragraphs 4 (iii) (b) to 4 (iii) (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of businesses, for the purchase of inventory and fixed assets and for the sale of goods and services.

Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure on the part of the Company to correct major weaknesses in the aforesaid internal control system.

5. In view of our comment in paragraph (3) above, paragraphs 4(v) (a) and 4(v) (b) of the order in respect of contracts or arrangements referred to in Section 301 of the Act, and transaction made in pursuance of such contracts 'or arrangements exceeding the value of Five Lakhs Rupees in respect of any party, are not applicable to the company.
6. The Company has not accepted any deposits from the public within the meaning of the sections 58A, 58AA of the Act and the rules framed there under.
7. In our opinion, the Company's present internal audit system as conducted in phased manner, by a firm of chartered accountants, is commensurate with its size and nature of its business **but the same needs to be further strengthened with regard to widening the coverage of various areas like investments made and its follow-up and in the matter of scrap management.**
8. We have broadly reviewed the books of account maintained by the Company in respect of the products of Grease and Lubricants (petroleum products) and Tea Blending where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under Section 209(1) (d) of the Act, and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of such records with a view to determine whether they are accurate or complete.

To the best of our knowledge and according to the information and explanations given to us, the Central Government under the aforesaid Act has not prescribed the maintenance of cost records for any other products or services of the Company.

9. a. According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty and Excise Duty, Cess and any other material statutory dues applicable to it.
- b. According to the information and explanations given to us and the records of the Company examined by

**Annexure to Auditor's Report (Contd.)**

- us, the particulars of dues of income-tax, sales-tax, service-tax, excise duty and cess as at 31<sup>st</sup> March, 2011 aggregating to ₹ 6952.14 lacs; which have not been deposited on account of a dispute, are as mentioned in note on accounts showing the amounts involved and the forum where dispute is pending.
10. The Company has no accumulated losses as at 31<sup>st</sup> March, 2011, and it has not incurred any cash losses during the financial year ended on the date or in the immediately preceding financial year.
  11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date. The Company has no debenture holder.
  12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
  13. In our opinion, the provisions of any Special Statute applicable to Chit Fund, Nidhi Fund or Mutual Benefit Fund/Societies are not applicable to the Company.
  14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.
  15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
  16. In our opinion, and according to the information and explanations given to us, and on an overall basis, the term loans have been applied for the purposes for which they were obtained. The Company did not have any outstanding term loan as at 31<sup>st</sup> March, 2011.
  17. On an overall examination the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis which have been used for long term investment during the year.
  18. In view of our comment in paragraph (3) above, the question of any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act does not arise.
  19. The Company has not issued any debentures during the year and no amount is outstanding in respect of debentures as on the balance sheet date.
  20. The Company has not raised any money by way of public issue during the year.
  21. During the course of our audit, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company nor reported during the year, nor have we been informed of such case by the management.

**For J. GUPTA & CO.**  
Chartered Accountants  
Firm Reg. No.: 314010E

Kolkata  
Date: 28th May 2011

S. P. Dutta  
Partner  
Membership No. 13852

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL  
OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT,  
1956 ON THE ACCOUNTS OF BALMER LAWRIE & CO. LIMITED,  
KOLKATA FOR THE YEAR ENDED 31 MARCH 2011.**

The preparation of financial statements of Balmer Lawrie & Co. Limited, Kolkata for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 28 May 2011 .

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Balmer Lawrie & Co. Limited, Kolkata for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619 (4) of the Companies Act, 1956.

For and on behalf of the  
Comptroller & Auditor General of India

Sd/-

(Nandana Munshi)  
Principal Director of Commercial  
Audit & Ex-Officio Member,  
Audit Board – I,  
Kolkata

Place : Kolkata  
Date : 13 July 2011

**Balance Sheet as at 31st March, 2011**

	SCHEDULES			As at 31st March, 2010	
		₹/Lakhs	₹/Lakhs	₹/Lakhs	₹/Lakhs
<b>Sources of Funds</b>					
Shareholders' Funds					
Share Capital	1	1,628.61		1,628.61	
Reserves and Surplus	2	51,754.97		44,567.42	
			53,383.58		46,196.03
Deferred Taxation Liability	14.26		765.08		1,100.08
			<u>54,148.66</u>		<u>47,296.11</u>
<b>Application of Funds</b>					
Fixed Assets	3				
Gross Block		33,572.77		31,088.27	
Less : Depreciation		14,606.21		13,473.44	
Less : Impairment of Assets		117.40		117.40	
Net Block		<u>18,849.16</u>		<u>17,497.43</u>	
Capital expenditure in Progress including Pre-Production Expenses		3,258.12		1,949.67	
Advance against Capital Expenditure		<u>187.07</u>	22,294.35	<u>240.08</u>	19,687.18
Investments	4		5,724.12		4,394.12
Net Current Assets					
Current Assets, Loans and Advances					
Inventories	5	11,931.63		9,169.69	
Debtors	6	30,910.47		24,467.30	
Cash and Bank Balances	7	26,697.75		26,716.58	
Loans and Advances	8	8,593.29		9,043.41	
		<u>78,133.14</u>		<u>69,396.98</u>	
Less : Current Liabilities and Provisions	9				
Current Liabilities		42,220.93		37,386.81	
Provisions		9,782.02		8,795.36	
		<u>52,002.95</u>		<u>46,182.17</u>	
Net Current Assets			26,130.19		23,214.81
			<u>54,148.66</u>		<u>47,296.11</u>
Notes on Accounts	14				
Significant Accounting Policies	15				

*The Schedules referred to above form part of the Accounts.*

As per our report attached

**For J. Gupta & Co.**

Chartered Accountants  
Firm Registration No. 314010E

**S. P. Datta**

Partner  
Membership No. 13852

Kolkata, the 28th May, 2011

S. K. Mukherjee  
Managing Director

M. P. Bezbaruah  
Asish K. Bhattacharyya  
VLVSS Subba Rao  
K. Subramanyan

P. K. Bora  
Abha Chaturvedi  
V. Sinha  
V. N. Sharma  
Directors

Amit Ghosh  
Secretary

Profit and Loss Account for the year ended 31st March, 2011

		SCHEDULES		2009-10
		₹/Lakhs		₹/Lakhs
<b>Income</b>				
Sale				
	Manufactured Goods	85,931.76		73,877.77
	Less : Excise Duty	9,816.53		7,791.75
		76,115.23		66,086.02
	Trading Goods	342.00		181.11
	Turnkey Projects	—		798.41
	Services	1,22,159.16		94,267.36
	Other Income	6,371.65	10	5,925.57
		<b>2,04,988.04</b>		<b>1,67,258.47</b>
<b>Expenditure</b>				
	Raw Materials Consumed	55,800.52		47,480.62
	Purchases			
	- Trading Goods	319.01		149.90
	- Turnkey Projects	—		1,260.16
	Cost of Services	1,03,175.43		76,747.09
	General Expenditure	27,377.90	11	25,677.96
	Depreciation	1,212.77		1,160.62
	Accretion(-) / Decretion to Inventories	(1,015.91)	12	(529.82)
	Prior Period Adjustments	14.47	13	14.04
		<b>1,86,884.19</b>		<b>1,51,960.57</b>
	Profit before Taxation	18,103.85		15,297.90
	Provision for Taxation - Current	6,330.00		2,998.70
	- Deferred	(335.00)	14.26	570.00
	Profit after Taxation	12,108.85		11,729.20
	Balance Brought Forward	16,565.18		12,203.91
	Available for Appropriation	28,674.03		23,933.11
	Proposed Final Dividend	4,234.38		3,745.80
	Corporate Tax on Dividend	686.92		622.13
	Transfer to General Reserve	3,000.00		3,000.00
	Balance Carried Forward	20,752.73		16,565.18
	<b>Earnings per Share (₹)</b>	<b>74.35</b>		<b>72.02</b>
	<b>[ Basic &amp; Diluted ]</b>			
	Notes on Accounts		14	
	Significant Accounting Policies		15	

The Schedules referred to above form part of the Accounts.

As per our report attached

**For J. Gupta & Co.**

Chartered Accountants  
Firm Registration No. 314010E

**S. P. Datta**

Partner  
Membership No. 13852

Kolkata, the 28th May, 2011

S. K. Mukherjee  
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P. K. Bora  
Abha Chaturvedi  
V. Sinha  
V. N. Sharma  
Directors

Amit Ghosh  
Secretary

## Schedules forming part of the Balance Sheet as at 31st March, 2011

### SHARE CAPITAL

#### SCHEDULE 1

	<u>₹/Lakhs</u>	As at 31st March, 2010 <u>₹/Lakhs</u>
<b>Authorised</b>		
3,00,00,000 (3,00,00,000) Equity shares of ₹ 10 each	<u>3,000.00</u>	<u>3,000.00</u>
<b>Issued and Subscribed</b>		
90,65,547 (90,65,547) Equity shares of ₹ 10 each fully paid up in cash	906.56	906.56
4,48,130 (4,48,130) Equity shares of ₹ 10 each allotted as fully paid shares pursuant to amalgamation of Steel Containers Ltd. and Industrial Containers Ltd. with the company	44.81	44.81
67,72,404 (67,72,404) Equity shares of ₹ 10 each allotted as fully paid bonus Shares by way of capitalisation of General Reserve and Share premium	677.24	677.24
	<u>1,628.61</u>	<u>1,628.61</u>

Note: Out of the above, 1,00.64,700 (1,00,64,700) Equity Shares are held by Balmer Lawrie Investments Ltd. (Holding Company).

### RESERVES AND SURPLUS

#### SCHEDULE 2

	<u>₹/Lakhs</u>	<u>₹/Lakhs</u>	As at 31st March, 2010	
			<u>₹/Lakhs</u>	<u>₹/Lakhs</u>
Share Premium Account As per last Account		3,626.77		3,626.77
Foreign Projects Reserve As per last Account.	—		5.00	
Less : Transferred to General Reserve	—	—	<u>5.00</u>	—
General Reserve As per last Account	24,375.47		21,370.47	
Add : Transferred from Foreign Projects Reserve	—		5.00	
Add : Transferred from Profit & Loss Account	<u>3,000.00</u>	27,375.47	<u>3,000.00</u>	24,375.47
Profit and Loss Account		20,752.73		16,565.18
		<u>51,754.97</u>		<u>44,567.42</u>

## Schedules forming part of the Balance Sheet as at 31st March, 2011

## SCHEDULE 3

(A) Assets held for active use

PARTICULARS	GROSS BLOCK			DEPRECIATION				IMPAIRMENT OF ASSETS			NET BLOCK		
	As at 1st April, 2010	Additions during the year	Total cost of items sold or scrapped/adjusted	As at 31st March, 2011	Upto 31st March, 2010	For the Year	On items sold or Scrapped/ Adjusted	Total	As at 1st April, 2010	For the Year	Balance as on 31st March, 2011	W.D.V. As at 31st March, 2011	W.D.V. As at 31st March, 2010
Land - Freehold	1,206.36	-	-	1,206.36	-	-	-	-	-	-	1,206.36	1,206.36	
Land - Leasehold	2,738.01	31.52	-	2,769.53	501.52	80.32	-	581.84	-	-	2,187.69	2,236.49	
Buildings & Sidings	9,447.82	439.08	2.95	9,883.95	2,148.35	195.76	(7.22)	2,351.33	70.21	70.21	7,462.41	7,229.26	
Plant & Machinery	11,803.15	1,219.09	78.45	12,943.79	7,030.73	552.13	18.05	7,564.81	42.11	42.11	5,336.87	4,730.31	
Spares for Plant & Machinery	158.97	17.46	-	176.43	141.71	10.56	-	152.27	-	-	24.16	17.26	
Electrical Installation and Equipment	2,049.87	237.73	16.33	2,271.27	1,173.43	110.53	5.67	1,278.29	1.17	1.17	991.81	875.27	
Furniture and Fittings	595.25	95.28	36.56	653.97	415.71	34.47	29.77	420.41	-	-	233.56	179.54	
Typewriters, Accounting Machine and Office Equipment	1,898.62	126.05	39.02	1,985.65	1,368.31	152.52	36.42	1,484.41	-	-	501.24	530.31	
Tubewells, Tanks and Miscellaneous Equipment	947.44	42.32	1.43	988.33	579.24	41.37	(2.69)	623.30	3.91	3.91	361.12	364.29	
Vehicles	75.77	380.83	0.04	456.56	24.11	14.09	0.00	38.20	-	-	418.36	51.66	
Intangible Assets	79.88	76.04	-	155.92	9.32	21.02	-	30.34	-	-	125.58	70.56	
<b>Total ( A )</b>	<b>31,001.14</b>	<b>2,665.40</b>	<b>174.78</b>	<b>33,491.76</b>	<b>13,392.43</b>	<b>1,212.77</b>	<b>80.00</b>	<b>14,525.20</b>	<b>117.40</b>	<b>117.40</b>	<b>18,849.16</b>	<b>17,491.31</b>	

( in ₹/ Lakhs)

## Schedules forming part of the Balance Sheet as at 31st March, 2011

## SCHEDULE 3

(B) Assets held for disposal

## FIXED ASSETS

(in ₹/ Lakhs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			IMPAIRMENT OF ASSETS			NET BLOCK			
	As at 1st April, 2010	Additions during the year	Total cost of items sold or scrapped/ Adjusted	As at 31st March, 2011	Upto 31st March, 2010	For the Year	On items sold or Scrapped/ Adjusted	Total	As at 1st April, 2010	For the Year	Balance as on 31st March, 2011	W.D.V. As at 31st March, 2011	W.D.V. As at 31st March, 2010
Land - Freehold	-	-	-	-	-	-	-	-	-	-	-	-	-
Land - Leasehold	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings & Sidings	10.19	-	4.97	5.22	5.22	-	-	5.22	-	-	-	-	4.97
Plant & Machinery	34.39	-	1.11	33.28	33.28	-	-	33.28	-	-	-	-	1.11
Spares for Plant & Machinery	25.01	-	-	25.01	25.01	-	-	25.01	-	-	-	-	-
Electrical Installation and Equipment	5.36	-	0.04	5.32	5.32	-	-	5.32	-	-	-	-	0.04
Furniture and Fittings	1.16	-	-	1.16	1.16	-	-	1.16	-	-	-	-	-
Typewriters, Accounting Machine and Office Equipment	3.04	-	-	3.04	3.04	-	-	3.04	-	-	-	-	-
Tubewells, Tanks and Miscellaneous Equipment	7.98	-	-	7.98	7.98	-	-	7.98	-	-	-	-	-
<b>TOTAL (B)</b>	87.13	-	6.12	81.01	81.01	-	-	81.01	-	-	-	-	6.12
<b>GRAND - TOTAL (A+B)</b>	31,088.27	2,665.40	180.90	33,572.77	13,473.44	1,212.77	80.00	14,606.21	117.40	0.00	117.40	18,849.16	17,497.43
2009-10	30,155.49	1,787.39	854.61	31,088.27	13,086.39	1,167.78	780.73	13,473.44	150.87	(33.47)	117.40	-	-

2010-11

Depreciation for the year as above

Less: Prior Period Adjustment

Depreciation as per Profit &amp; Loss Account

2009-10

1,167.78

7.16

1,160.62

1,212.77

-

1,212.77

Schedules forming part of the Balance Sheet as at 31st March, 2011

SCHEDULE 4

INVESTMENTS

As at 31st March, 2010

		₹/Lakhs	₹/Lakhs	₹/Lakhs	₹/Lakhs
<b>Unquoted, unless otherwise stated</b>					
<b>Long Term Investments</b>					
(a) Trade Investments					
Fully paid-up at cost					
3,57,591	(3,57,591) Equity Shares of ₹ 10 each in Bridge and Roof Co.(India) Ltd.	14.01		14.01	
1,95,900	(1,95,900) Equity Shares of ₹ 10 each in Biecco Lawrie Ltd. (carried in books at a value of ₹ 1)	—			
1,13,61,999	(1,13,61,999) Equity Shares of ₹ 10 each in Transafe Services Ltd. 1,165.12				
	(Incl. 34,58,001 Equity Shares acquired in 2009-10 on rights basis)				
	Less : Provision for diminution in value (carried in books at a value of ₹ 1) 1,165.12	—		—	
1,33,00,000	(Nil) Cumulative Redeemable Preference shares of ₹ 10 each in Transafe Services Ltd.	1,330.00		—	
45,00,000	(45,00,000) Ordinary Shares of ₹ 10 each in AVI-OIL India [P] Ltd.	450.00		450.00	
9,800	(9,800) Shares of Dhs. 1000 each in Balmer Lawrie (UAE) LLC	890.99		890.99	
63,19,978	(63,19,978) Equity Shares of ₹ 10 each in Balmer Lawrie-Van Leer Ltd.	1,164.55	3,849.55	1,164.55	2,519.55
(b) Investment in Subsidiary Company					
Balmer Lawrie (UK) Ltd.					
Fully Paid up-at cost					
33,80,312	(33,80,312) Ordinary Shares of GBP1 each		1,874.06		1,874.06
(c) Other Investments					
Fully paid up-at cost					
71	(71) Equity Shares of ₹ 100 each in Duncan Brothers & Co. Ltd. (Quoted)	0.06		0.06	
4,520	(4520) Equity Shares of ₹ 10 each in Woodlands Multispeciality Hospitals Ltd.	0.45		0.45	
			0.51		0.51
			5,724.12		4,394.12
Quoted Investment-at cost					
[Market value ₹ 0.15 Lakhs (2009/10 - ₹ 0.15 Lakhs)]					
			0.06		0.06
Unquoted Investment-at cost					
			5,724.06		4,394.06
			5,724.12		4,394.12

**Schedules forming part of the Balance Sheet as at 31st March, 2011**

**SCHEDULE 5**

**INVENTORIES**

			As at 31st March, 2010	
	₹/Lakhs	₹/Lakhs	₹/Lakhs	₹Lakhs
Raw Materials		6,783.40		4,964.37
[net of provision ₹ 64.70 lakhs (2009-10 - ₹ 116.98 lakhs)]				
Finished Products		3,670.58		2,921.64
[net of provision ₹ 214.51 lakhs (2009-10 - ₹ 171.25 lakhs)]				
Trading Goods		10.41		–
Work-in-Progress		733.87		749.62
Stock-in-Transit				
Raw Materials	–		96.11	
Finished Products	472.10	472.10	199.79	295.90
Stores and Spare Parts		261.04		238.03
[net of provision ₹ 45.08 lakhs (2009-10 - ₹ 33.72 lakhs)]				
Loose Tools		0.23		0.13
		<b>11,931.63</b>		<b>9,169.69</b>

**SCHEDULE 6**

**DEBTORS**

			As at 31st March, 2010	
	₹/Lakhs	₹/Lakhs	₹/Lakhs	₹Lakhs
Debts due for more than six months				
Unsecured				
– Considered Good	5,068.26		3,403.16	
– Considered doubtful	1,080.88		889.16	
	6,149.14		4,292.32	
Less: Provision for Doubtful Debts	1,080.88	5,068.26	889.16	3,403.16
Other Debts				
Unsecured				
– Considered Good	25,842.21	25,842.21	21,064.14	21,064.14
		<b>30,910.47</b>		<b>24,467.30</b>

Schedules forming part of the Balance Sheet as at 31st March, 2011

SCHEDULE 7

CASH AND BANK BALANCES

			As at 31st March, 2010	
	₹/Lakhs	₹/Lakhs	₹/Lakhs	₹/Lakhs
Cash in hand [(including cheques and stamps - ₹ 0.01 Lakh (2009-10 - ₹ 3.74 Lakhs )]		12.34		13.41
With Scheduled Banks				
In Current Accounts	2,598.68		4,119.70	
In Short term Deposit Account	23,956.18		22,478.96	
In Dividend Accounts	130.25	26,685.11	104.06	26,702.72
With Standard Chartered Bank, Dubai in Current Account [Maximum Amount at any time during the year ₹ 0.45 Lakh (2009-10 - ₹ 47.60 Lakhs )]		0.30		0.45
		<u>26,697.75</u>		<u>26,716.58</u>

SCHEDULE 8

LOANS AND ADVANCES

			As at 31st March, 2010	
	₹/Lakhs	₹/Lakhs	₹/Lakhs	₹/Lakhs
Advances recoverable in Cash or in kind or for value to be received - Considered Good				
Secured	825.24		874.30	
[Due from Director and another officer- ₹ 0.74 Lakh Maximum amount due at any time during the year - ₹ 1.96 Lakhs (2009-10 - Due ₹ 1.96 Lakhs and Maximum amount due - ₹ 2.97 Lakhs)]				
Unsecured				
Holding Company				
Balmer Lawrie Investments Limited	1.85		5.09	
Others	5,826.84		5,849.75	
Considered Doubtful	93.93		85.00	
	6,747.86		6,814.14	
Less: Provision	93.93	6,653.93	85.00	6,729.14
Deposits - Unsecured				
Considered Good		1,081.64		1,801.89
Balance with Customs, Port Trust				
Central Excise, etc., Considered Good		857.72		512.38
		<u>8,593.29</u>		<u>9,043.41</u>

**Schedules forming part of the Balance Sheet as at 31st March, 2011**

**SCHEDULE 9**

**CURRENT LIABILITIES AND PROVISIONS**

			As at 31st March, 2010	
	₹/Lakhs	₹/Lakhs	₹/Lakhs	₹/Lakhs
<b>Current Liabilities</b>				
Sundry Creditors				
– Due to micro and small enterprises		65.04		66.77
– Due to others		41,218.06		36,575.67
Amounts received in advance against contracts		807.58		640.31
Investor Education and Protection Fund shall be credited by the following amount namely :				
– Unclaimed Dividend [ Refer Note below ]		130.25		104.06
		<u>42,220.93</u>		<u>37,386.81</u>
<b>Provisions</b>				
Provision against Guarantee obligations	386.43		772.86	
Less : Payment made during the year	386.43	–	386.43	386.43
Proposed Final Dividend		4,234.38		3,745.80
Taxation, net of Advance Payment		5,547.64		4,663.13
		<u>9,782.02</u>		<u>8,795.36</u>
		<u>52,002.95</u>		<u>46,182.17</u>

Note : There is no amount due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund.

**Schedules forming part of the Profit & Loss Account for the Year ended as at 31st March, 2011**

**SCHEDULE 10**

**OTHER INCOME**

As at 31st March, 2010

	<u>₹/ Lakhs</u>	<u>₹/ Lakhs</u>
Income from Long Term Investments		
Trade Investments		
Dividend	696.93	734.10
Interest on Advances, Deposits		
Deferred credit and Overdue debts (Gross) [Tax deducted at source ₹ 150.91 Lakhs (2009/10 - ₹ 296.74 Lakhs)]	1,860.77	2,082.72
Profit on Disposal of Fixed Assets	12.53	46.90
Export Incentive	32.46	36.25
Rent	279.99	289.52
Packing and Despatching	416.12	412.99
Discount and Commission	1.81	1.68
Claims	8.78	39.71
Liabilities/Provisions no longer required written back	790.37	714.09
Sundries	2,271.89	1,567.61
	<u>6,371.65</u>	<u>5,925.57</u>

## Schedules forming part of the Profit & Loss Account for the Year ended as at 31st March, 2011

### SCHEDULE 11

### GENERAL EXPENDITURE

As at 31st March, 2010

	₹/Lakhs	₹/Lakhs
Salaries, Wages, Bonus, Pensions and Gratuity [includes Pensions to Ex-Directors ₹ 1.25 Lakhs (2009/10 - ₹ 1.29 Lakhs )]	10,212.41	9,964.98
Contribution to Provident and Other Funds	1,405.74	945.15
Workmen and Staff Welfare Expenses	1,364.00	889.99
Manufacturing Expenses	716.93	659.96
Excise Duty [ Refer Note no. 14.19 ]	239.24	154.41
Consumption of Stores and Spare Parts	490.98	422.15
Repairs and Maintenance		
Buildings	509.22	696.17
Plant & Machinery	236.74	168.28
Others	357.15	259.32
Power and Fuel	1,828.73	1,561.80
Electricity and Gas	232.62	228.33
Rent	703.47	472.23
Insurance	105.77	89.39
Packing, Despatching, Freight and Shipping Charges	2,297.72	1,945.65
Rates and Taxes	148.01	187.23
Interest [Includes ₹ Nil Lakhs on Fixed Loans (2009/10 - ₹ Nil Lakhs)]	299.17	254.91
Auditor's Remuneration and Expenses	16.89	13.47
Bad Debts written off	163.39	157.70
Advances written off	9.41	12.92
Fixed Assets written off	94.39	16.79
Inventory written off	0.12	0.07
Provision for slow / non-moving inventory	34.85	136.87
Provisions for Debts, Deposits, Loans and Advances considered doubtful	373.65	222.04
Provision for diminution in value of investments	-	1,165.12
Loss on Disposal of Fixed Assets	0.39	5.10
Selling commission	297.69	346.54
Cash Discount	305.22	364.97
Bank Charges and Discount	151.44	119.55
Travelling Expenses	881.47	815.56
Printing and Stationery	187.24	172.33
Motor Car Expenses	93.68	70.05
Telephone, Telex, Postage, Cables and Telegrams	282.06	254.26
Donations	-	5.00
Expenditure on VRS for current year	-	30.95
Miscellaneous Expenses	3,431.18	2,943.18
	<b>27,470.97</b>	<b>25,752.42</b>
Less : Provision for Debts, Deposits, Loans & Advances and Investments considered doubtful, written back	93.07	74.46
	<b>27,377.90</b>	<b>25,677.96</b>

**Schedules forming part of the Profit & Loss Account for the Year ended as at 31st March, 2011**

**SCHEDULE 12**

**ACCRETION (-) / DECRETION TO INVENTORIES**

			As at 31st March, 2010	
			₹/Lakhs	₹/Lakhs
Stocks and Work-in-Progress				
Opening Balance				
Work-in-Progress	749.62		651.05	
Finished Products	<u>3,121.43</u>	<u>3,871.05</u>	<u>2,690.18</u>	3,341.23
Less: Closing Balance				
Trading Goods	10.41		—	
Work-in-Progress	733.87		749.62	
Finished Goods				
[including in transit ₹ 472.10 Lakhs (2009/10 - ₹ 199.79 Lakhs)]	<u>4,142.68</u>	<u>4,886.96</u>	<u>3,121.43</u>	<u>3,871.05</u>
		<u>(1,015.91)</u>		<u>(529.82)</u>

**SCHEDULE 13**

**PRIOR PERIOD ADJUSTMENTS**

	₹/Lakhs	₹/Lakhs
Expenditure		
General Expenditure	14.47	6.88
Depreciation	—	7.16
	<u>14.47</u>	<u>14.04</u>
Net Debit	<u>14.47</u>	<u>14.04</u>

**Notes on Accounts**

**SCHEDULE 14**

- 14.1 (a) Fixed Deposit with bank amounting to ₹1.37 lakhs (₹ 2.12 lakhs) are lodged with certain authorities as security.
- (b) Conveyance deeds of certain land costing ₹ 1,733.57 lakhs (₹ 1,770.94 lakhs) and buildings, with written down value of ₹ 1,672.90 lakhs (₹ 1,461.51 lakhs) are pending registration / mutation.
- (c) Certain buildings & sidings with written down value of ₹ 4,237.88 lakhs (₹ 4,173.24 lakhs) are situated on leasehold/ rented land. Some of the leases with Kolkata Port trust have expired and are under renewal. Action has been taken for finalising the agreements with Kolkata Port Trust for renewal of such pending cases.
- 14.2 Contingent Liabilities as at 31st March, 2011 not provided for in the accounts are:
- (a) Disputed demand for Excise Duty, Income Tax, Sales Tax and Service Tax amounting to ₹ 6,952.14 lakhs (₹ 6,498.63 lakhs) against which the Company has lodged appeal/petition before appropriate authorities. Details of such disputed demands as on 31st March, 2011 are given in Annexure – A.
- (b) Claims against the company not acknowledged as debts amounts to ₹ 710.47 lakhs (₹ 721.76 lakhs) in respect of which the Company has lodged appeals/petitions before appropriate authorities. In respect of employees/ex-employees related disputes financial effect is ascertainable on settlement
- (c) Bills discounted with banks ₹ 108.85 Lakhs (₹ 75.77 Lakhs).
- 14.3 Counter guarantees given to Standard Chartered Bank, Bank of Baroda, HSBC, State Bank of India and Indusind Bank in respect of guarantees given by them amounts to ₹ 9,493.19 lakhs (₹ 3,578.24 lakhs).
- 14.4 Estimated amount of contract remaining to be executed on Capital Accounts and not provided for [ net of advances paid – ₹ 195.92 lakhs (2009-10 ₹ 55.41 lakhs)] amounted to ₹ 1,405.25 lakhs (₹ 1,562.90 lakhs).
- 14.5 There are no Micro , Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date except as is shown below :

Name of the supplier	Amount due as on		Interest paid for delayed payments		Interest due and payable for delayed payments	
	31-03-2011 (₹/ Lakhs)	31-03-2010 (₹/ Lakhs)	2010-11 (₹/ Lakhs)	2009-10 (₹/ Lakhs)	2010-11 (₹/ Lakhs)	2009-10 (₹/ Lakhs)
Plastic Processors	–	2.38	–	–	–	0.36

The above information has been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by the auditors

- 14.6 The amount of exchange difference credited to Profit & Loss account is ₹ 41.79 lakhs (₹ 238.35 lakhs).
- 14.7 Confirmation letters have been issued in respect of debts, loans and advances and deposits of the company but not responded to in many cases. Hence unconfirmed balances are subject to reconciliation and consequent adjustments, if any, would be determined / made on receipt of such confirmation.
- 14.8 Remuneration of Managing Director and Wholetime Directors :

	2010-11 ₹/Lakhs	2009-10 ₹/Lakhs
Salaries	86.10	142.98
Contribution to Provident and Gratuity Fund	12.01	14.85
Perquisites	10.55	13.66
	108.66	171.49

Notes on Accounts (Contd.)

14.9 Auditors' remuneration and expenses:

	2010-11 ₹/Lakhs	2009-10 ₹/Lakhs
Statutory Auditors		
– Audit Fees	3.50	3.00
– Tax Audit Fees	0.70	0.70
– Other Capacity for Limited Review and other certification jobs	1.90	2.40
Branch Auditors		
– Audit Fees	7.76	6.20
– Other Capacity	–	–
– Expenses relating to audit of Accounts	3.03	1.17
	<u>16.89</u>	<u>13.47</u>

14.10 Particulars in respect of goods manufactured:

14.10 (a) Capacity and Production:

Class of Goods	Unit	Installed Capacity (Single Shift Basis)	Actual Production		
			With own materials	With customers' materials	Total
Greases & Lubricating Oils	M.T./K.L.	58,080 (58,080)	36,148 (34,266)	9,338 (8,944)	45,486 (43,210)
Barrels and Drums	Nos.	42,00,000 (39,08,500)	36,08,719 (39,19,666)	– (–)	36,08,719 (39,19,666)
Blended Tea including Bulk, Packets and Tea Bags	M.T.	3,000 (3,000)	40 (82)	31 (43)	71 (125)
Leather Auxiliaries	M.T.	3,498 (3,900)	6,994 (5,964)	– (–)	6,994 (5,964)

(i) Under the Industrial Policy Statement dated 24th July, 1991 and the notifications issued there under, no licensing is required for the Company's products.

(ii) Installed Capacities are as certified by the Management.

**Notes on Accounts (Contd.)**
**14.10 (b) Stock & Sale of Goods Manufactured (with own materials) :**

<u>Class of Goods</u>	<u>Unit</u>	<u>Opening</u>		<u>Closing</u>		<u>Sales</u>	
		<u>Qty.</u>	<u>Value ₹/Lakhs</u>	<u>Qty.</u>	<u>Value ₹/Lakhs</u>	<u>Qty.</u>	<u>Value ₹/Lakhs</u>
Greases & Lubricating Oils	M.T./K.L.	3,648 (3,170)	2,569.74 (2,190.28)	4,203 (3,648)	3,629.94 (2,569.74)	35,566 (33,764)	34,922.04 (29,961.38)
Barrels and Drums	Nos.	52,583 (42,235)	423.46 (335.65)	41,104 (52,583)	389.22 (423.46)	34,78,287 (38,08,392)	40,424.09 (35,155.64)
Blended Teas including Bulk packets and Tea Bags	M.T.	1 (2)	1.51 (3.09)	10 (1)	18.65 (1.51)	29 (82)	116.22 (128.40)
Leather Auxiliaries	M.T.	254 (274)	125.92 (146.28)	205 (254)	104.87 (125.92)	7,043 (5,984)	5,406.29 (4,456.96)
Others including Manufacturing Scrap			0.80 (14.88)		– (0.80)		1,208.29 (1,097.54)
			3,121.43 (2,690.18)		4,142.68 (3,121.43)		82,076.93 (70,799.92)

Sales do not include Greases & Lubricating Oils 27 MT/KL (24 MT / KL), Barrels and Drums 1,41,911 Nos. (1,00,926 Nos.) and Blended Teas 2 MT ( 1 MT ) internally consumed.

**14.10 (c) Stock & Sale of Goods Manufactured (with customers' materials) :**

<u>Class of Goods</u>	<u>Unit</u>	<u>Opening</u>		<u>Closing</u>		<u>Sales</u>	
		<u>Qty.</u>	<u>Value ₹/Lakhs</u>	<u>Qty.</u>	<u>Value ₹/Lakhs</u>	<u>Qty.</u>	<u>Value ₹/Lakhs</u>
Greases & Lubricating Oils	M.T./ K.L.	– (–)	– (–)	– (–)	– (–)	9,338 (8,944)	3,843.66 (3,064.75)
Blended Teas including Bulk, Packets & Tea Bags	M.T./ K.L.	– (–)	– (–)	– (–)	– (–)	31 (43)	11.17 (13.10)
			– (–)		– (–)		3,854.83 (3,077.85)

Notes on Accounts (Contd.)

14.11 Analysis of Raw Materials Consumed (excluding materials supplied by Customers)

	<u>Unit</u>	<u>Quantity</u>	<u>Value</u> <u>₹/Lakhs</u>
Steel	M.T.	69,355 (71,854)	26,908.78 (24,227.05)
Lubricating Base Oils	K.L	31,687 (30,361)	14,950.50 (11,337.22)
Additives and other Chemicals	M.T./K.L.	5,093 (4,728)	4366.39 (4,051.42)
Vegetable and Other Fats	M.T.	3,443 (3,229)	2,763.24 (1,940.02)
Tea	M.T.	37 (124)	109.86 (93.19)
Drum Closures	Set	35,85,307 (37,64,118)	1,160.71 (1,130.89)
Paraffin Wax	M.T.	1,263 (1,131)	919.20 (737.66)
Paints	Ltr.	7,11,644 (7,46,665)	810.01 (763.46)
Others			3,811.83 (3,199.71)
			<u>55,800.52</u> <u>(47,480.62)</u>

14.12 Value of Raw Materials, Components and Spare Parts consumed:

<u>Raw Materials</u>	<u>₹/Lakhs</u>	<u>(%)</u>	<u>₹/Lakhs</u>	<u>(%)</u>
Imported	1,909.28	3.42	(2,521.31)	(5.31)
Indigenous	53,891.24	96.58	(44,959.31)	(94.69)
	<u>55,800.52</u>	<u>100.00</u>	<u>(47,480.62)</u>	<u>(100.00)</u>
<u>Spare &amp; Components</u>	<u>₹/Lakhs</u>	<u>(%)</u>	<u>₹/Lakhs</u>	<u>(%)</u>
Imported	22.71	11.22	(2.46)	(2.11)
Indigenous	179.77	88.78	(113.98)	(97.89)
	<u>202.48</u>	<u>100.00</u>	<u>(116.44)</u>	<u>(100.00)</u>

14.13 (a) Purchase and Sale of Trading Goods:

<u>Class of Goods</u>	<u>Unit</u>	<u>Purchase</u>		<u>Sale</u>	
		<u>Quantity</u>	<u>Value</u> <u>₹/Lakhs</u>	<u>Quantity</u>	<u>Value</u> <u>₹/Lakhs</u>
Speciality Containers	Nos.	56 (49)	297.53 (137.83)	56 (49)	331.46 (164.62)
Coolants	KL	23 (-)	21.48 (-)	10 (-)	10.54 (-)
Others			(-) (12.07)		(-) (16.49)
			<u>319.01</u> <u>(149.90)</u>		<u>342.00</u> <u>(181.11)</u>

**Notes on Accounts (Contd.)**

**14.13 (b) Stock of Trading Goods :**

<u>Class of Goods</u>	<u>Unit</u>	<u>Opening</u>		<u>Closing</u>	
		<u>Quantity</u>	<u>Value</u> ₹/Lakhs	<u>Quantity</u>	<u>Value</u> ₹/Lakhs
Coolants	KL		- (-)	13 (-)	10.41 (-)
Total			- (-)		10.41 (-)

**14.14 (a) Value of Imports on C.I.F basis:**

	<u>₹/Lakhs</u>	<u>₹/Lakhs</u>
Raw Materials	1,550.03	(1,998.09)
Components and Spare Parts	30.03	(10.66)
Capital Goods	245.06	(160.78)
	<u>1,825.12</u>	<u>(2,169.53)</u>

**14.14 (b) Expenditure in Foreign Currency:**

	<u>₹/Lakhs</u>	<u>₹/Lakhs</u>
Services	7,927.52	(10,762.61)
Others	67.97	(96.04)
	<u>7,995.49</u>	<u>(10,858.65)</u>

**14.14 (c) Earnings in Foreign Currency:**

	<u>₹/Lakhs</u>	<u>₹/Lakhs</u>
Export of Goods and Components calculated on F.O.B basis as invoiced	1,031.70	(684.12)
Interest and Dividend	576.75	(597.08)
Services	649.01	(250.22)
Freight, Insurance, Exchange Gain and Miscellaneous items	19.62	(4.62)
	<u>2,277.08</u>	<u>(1,536.04)</u>

Earnings from services exclude deemed exports of ₹ 77.16 Lakhs (₹ 207.60 lakhs).

14.15 Research and Development expenditure charged to Profit & Loss Account during the year 2010-11 amounts to ₹ 352.22 lakhs (₹ 323.62 lakhs).

14.16 Excess Income Tax provision in respect of four earlier years amounting to ₹ Nil lakhs (₹ 1,976.30 Lakhs) has been set-off with the current year's provision.

14.17 A major irregularity in the accounts of Transafe Services Limited (TSL), a joint venture company promoted by the Company in 1991, was detected during the financial year 2009-10 leading to its accounts for the year 2009-10 showing substantial loss after incorporation of rectification entries. TSL is operating primarily in the Logistics sector, where the long term prospects are bright. However, the Company, following the policy of conservative accounting, had during the year 2009-10 provided ₹ 1165.12 lakhs, being the full value of investments in equity share capital of TSL in terms of Accounting Standard - 13 "Accounting for Investments" towards diminution in value. During the year 2010-11, a Corporate Debt Restructuring Scheme (CDR) for TSL was approved by its bankers, pursuant to which, the Company has invested ₹ 1330 lakhs (comprising conversion of loan of ₹ 730 lakhs given in earlier years and fresh

**Notes on Accounts (Contd.)**

infusion of ₹ 600 Lakhs in Preference Shares) in 1.33 crores Cumulative Redeemable Preference Shares of ₹ 10 each of TSL.

- 14.18 Operations at the Lube Blending Plant at Taloja remain suspended since 2006-07 due to unremunerative orders.
- 14.19 The amount of Excise duty deducted from the amount of "Sales - Manufactured Goods" is relatable to Sales made during the period and the amount of Excise Duty recognised separately in Schedule 12 - "General Expenditure" is related to the difference between the closing stock and the opening stock.

**14.20 Employee Benefits**

Consequent to Accounting Standard 15 on Employee Benefits (Revised) issued by the Institute of Chartered Accountants of India being applicable to the Company during the year, the prescribed disclosures are made in Annexure B.

Defined Benefit Plans / Long Term Employee benefits in respect of Gratuity, Leave Encashment and Long Service Awards are recognised in the Profit & Loss Account on the basis of Actuarial valuation done at the year end. The details of such employee benefits as recognised in the financial statements are attached as Annexure B.

**14.21 Loans and Advances in the nature of loans to Subsidiary / Joint Ventures / Associates**

The company do not have any Loans and Advances in the nature of Loans provided to its Subsidiary / Joint Venture Companies / Associates as at the year end except as is disclosed in 14.22 below.

**14.22 Related Party Disclosure**

<b>i) Name of Related Party</b>	<b>Nature of Relationship</b>
Balmer Lawrie Investments Ltd.	Holding Company
Balmer Lawrie (U.K.) Ltd.	Wholly owned Subsidiary
Transafe Services Ltd.	Joint Venture
Balmer Lawrie - Van Leer Ltd.	Joint Venture
Balmer Lawrie (UAE) Llc.	Joint Venture
Avi - Oil India (P) Ltd.	Joint Venture
Proseal Closures Ltd.	Subsidiary of Balmer Lawrie Van Leer Ltd.
PT Balmer Lawrie Indonesia	Joint Venture of Balmer Lawrie (UK) Ltd. (w.e.f. 15-02-2010)
Shri S K Mukherjee, Managing Director	Key Management Personnel
Shri P Radhakrishnan, Director (Services Businesses)	Key Management Personnel ( Till 31-12-2009 )
Shri V N Sharma, Director (Manufacturing Businesses)	Key Management Personnel
Shri K Subramanyan, Director(Finance)	Key Management Personnel
Shri V Sinha, Director (Services Businesses)	Key Management Personnel ( w.e.f. 14-06-2010 )

**Notes on Accounts (Contd.)**
**ii) Transactions with Related Parties**

<u>Type of Transaction</u>		<u>Holding Company</u>	<u>Subsidiary</u>	<u>Joint Ventures</u>	<u>Key</u>	<u>Total</u>
					<u>Management Personnel</u>	
a) Sale of Goods	31/03/11	1.45	–	2.61	–	4.06
	31/03/10	1.13	–	54.10	–	55.23
b) Purchase of Goods	31/03/11	–	–	1,602.52	–	1,602.52
	31/03/10	–	–	1,207.94	–	1,207.94
c) Value of Services Rendered	31/03/11	18.12	–	415.02	–	433.14
	31/03/10	17.96	–	467.83	–	485.79
d) Value of Services Received	31/03/11	–	–	70.91	111.09	182.00
	31/03/10	–	–	3.35	173.83	177.18
e) Income from leasing or hire purchase agreement	31/03/11	–	–	1.37	–	1.37
	31/03/10	–	–	1.10	–	1.10
f) Investment in shares as on	31/03/11	–	1,874.06	3,835.54	–	5,709.60
	31/03/10	–	1,874.06	2,505.54	–	4,379.60
g) Loans given as on	31/03/11	–	–	1,997.92	0.74	1,998.66
	31/03/10	–	–	2,547.92	1.96	2,549.88
h) Dividend Income	31/03/11	–	–	696.21	–	696.21
	31/03/10	–	–	733.74	–	733.74
i) Dividend Paid	31/03/11	2,314.88	–	–	–	2,314.88
	31/03/10	2,012.96	–	–	–	2,012.96
j) Interest Income	31/03/11	–	–	210.87	–	210.87
	31/03/10	–	–	201.11	0.01	201.12
k) Amount received on a/c. of salaries, etc. of Employees deputed or otherwise	31/03/11	8.64	–	76.81	–	85.46
	31/03/10	8.46	–	63.48	–	71.94
l) Net outstanding recoverable as on	31/03/11	1.85	–	400.27	0.74	402.86
	31/03/10	5.29	–	359.24	1.96	366.49
m) Net outstanding payable as on	31/03/11	–	–	243.16	–	243.16
	31/03/10	–	–	181.53	–	181.53
n) Balance outstanding against guarantee given as on	31/03/11	–	–	–	–	–
	31/03/10	–	–	386.43	–	386.43

Notes on Accounts (Contd.)

14.23 The Engineering & Projects Division of the Company had during the year 2010-11 undertaken various project assignment for which accounting has been done based on Accounting Standard - 7 (AS-7) - Construction Contracts. The relevant particulars of the project activity are as follows:

	2010-11 ₹/Lakhs	2009-10 ₹/Lakhs
(a) Amount of contract revenue recognised as revenue in the period	-	798.41
(b) Method used to determine the contract revenue recognised in the period	<b>Percentage Completion Method</b>	
(c) Methods used to determine the stage of completion of contracts in progress	<b>Based on certification of physical progress.</b>	
(d) Aggregate amount of costs incurred and recognised profits (less recognised losses) upto the reporting date for contracts in progress		
- Costs incurred	-	-
- Recognised Profit	-	-
(e) Advances received for contracts in progress	-	-
(f) Amount of retentions for contracts in progress	-	-
(g) Gross amount due from customers for contract work as an asset	-	-
(h) Gross amount due to customers for contract work as a liability	-	-

The aforesaid information is based on technical estimates of percentage of Projects completed and expenses likely to be incurred as certified by the Management and relied upon by the Auditors.

14.24 **Segment Reporting**

Information about business segment for the year ended 31st March, 2011 in respect of reportable segments as defined by the Institute of Chartered Accountants of India in the Accounting Standard - 17 in respect of "Segment Reporting" is attached as Annexure - C.

14.25 **Earnings per Share**

- (i) Earnings per share of the company has been calculated considering the Profit after Taxation of ₹ 12,108.85 lakhs (₹ 11,729.20 lakhs) as the numerator.
- (ii) The weighted average number of equity shares used as denominator is 1,62,86,081 ( 1,62,86,081 ) and face value per share is ₹ 10.
- (iii) The nominal value of shares is ₹ 1,628.61 lakhs ( ₹ 1,628.61 lakhs ) and the earnings per share (Basic and Diluted ) for the year on the above mentioned basis comes to ₹ 74.35 ( ₹ 72.02)

**Notes on Accounts (Contd.)**

**14.26 Accounting for Deferred Taxation**

The major components of the net deferred tax liability are :

	2010-11		2009-10	
	₹/Lakhs	₹/Lakhs	₹/Lakhs	₹/Lakhs
<b>Net Opening Balance [A]</b>		<b>1100.08</b>		<b>530.08</b>
<b>Provision for the Current Year</b>				
Liability for timing difference arising during the year on account of				
a) Provision for loans, debts, deposits, advances & investment, written back	<b>31.70</b>		25.31	
b) Adjustments for VRS expenditure	<b>2.95</b>		24.19	
c) Depreciation Allowance	<b>(25.00)</b>	<b>9.65</b>	–	49.50
Less:				
i) Fixed Assets written-off in accounts	<b>31.35</b>		5.71	
ii) Depreciation Allowance	<b>(54.52)</b>		0.22	
iii) Provision for Leave /LTA / PRMBS,etc.	<b>229.82</b>		253.37	
iv) Salary Revision	–		(902.27)	
v) Provision for slow/non-moving inventory	<b>11.65</b>		46.48	
vi) Provision for loans, debts, deposits & advances	<b>126.35</b>		<b>75.99</b>	
		<b>(-) 344.65</b>		<b>520.50</b>
Net Deferred Tax Liability for the year [B]		<b>(-) 335.00</b>		<b>570.00</b>
Balance of Deferred Taxation liability [A+B]		<b>765.08</b>		<b>1100.08</b>

**14.27 Disclosure of Interests in Joint Venture Companies**

<u>Name of Joint Venture Company</u>	<u>Proportion of Shareholding</u>	<u>Country of Incorporation</u>
Balmer Lawrie (UAE) Llc.	49%	United Arab Emirates
Balmer Lawrie Van Leer Ltd	40%	India
Transafe Services Ltd.	50%	India
Avi Oil India (P) Ltd.	25%	India

The Company's proportionate share of the estimated amount of contracts remaining to be executed on Capital Accounts relating to the Joint Venture Companies and not provided for in their respective financial statements amounts to ₹ 134.88 lakhs (₹ 220.02 lakhs).

The aggregate amounts of each of the assets, liabilities, income and expenses related to the interests in the Joint Venture companies are as follows :-

Assets	–	₹ 39,315 lakhs (₹ 40,682 lakhs)
Liabilities	–	₹ 30,029 lakhs (₹ 31,264 lakhs)
Income	–	₹ 35,998 lakhs (₹ 37,060 lakhs)
Expense	–	₹ 35,287 lakhs (₹ 37,129 lakhs)

## Notes on Accounts (Contd.)

## 14.28 Cost of Services is comprised of :

	₹/Lakhs	₹/Lakhs
Air / Rail travel costs	81,332.18	(56,273.97)
Air / Ocean freight	17,368.09	(17,384.14)
Transportation / Handling	3,902.15	(2,382.18)
Other Service charges	573.00	(706.80)
	<u>1,03,175.42</u>	<u>(76,747.09)</u>

## 14.29 Capital Work in Progress as at the Balance Sheet date is comprised of :

Asset Classification (*)	₹/Lakhs	₹/Lakhs
Leasehold Land	1,262.26	(1,260.00)
Building	1,411.04	(337.12)
Plant & Machinery	243.89	(307.79)
Electrical Installation & Equipment	41.30	(18.98)
Furniture & Fittings	3.53	(—)
Typewriters, Accounting Machine & Off. Equipment	176.32	(1.44)
Tubewells, Tanks & Misc. Equipment	5.28	(24.33)
Vehicles	114.50	(—)
	<u>3,258.12</u>	<u>(1,949.67)</u>

(\*) Subject to final allocation / adjustment at the time of capitalisation

14.30 Miscellaneous Expenses shown under "General Expenditure" (Schedule 12) do not include any item of expenditure which exceeds 1% of the total revenue.

14.31 (a) Previous year's figures have been re-grouped or re-arranged wherever so required to make them comparable with current year figures.

(b) Figures in brackets relate to previous year.

**Significant Accounting Policies****SCHEDULE 15****1. Fixed Assets and Depreciation**

- a) Fixed Assets are valued at cost of acquisition inclusive of any other cost attributable to bringing the same to their working condition.
- b) Fixed Assets manufactured/constructed in-house are valued at actual cost of raw materials, conversion cost and other related costs.
- c) Cost of leasehold land is amortised over the period of lease.
- d) Expenditure incurred during construction of capital projects including related pre-production expenses is treated as Capital Work-in-Progress and in case of transfer of the project to another body, the accounting is done on the basis of terms of transfer.
- e) Fixed assets retired from active use and held for disposal are stated at the lower of book value and net realisable value and are shown separately in the financial statements. Loss determined, if any, is recognised in the profit and loss statement.
- f) The company reviews the depreciation policies followed for various items of assets, its useful life and circumstances prevailing in the business so as to make a more appropriate preparation or presentation of the financial statements. Necessary adjustment is made in the depreciation charge for the assets, if any significant variation is noticed in the pattern of economic benefits embodied in the assets. Based on the above technical review, certain items of Electrical Installations and Equipment, Furniture and Fittings and Typewriter, Accounting Machine and Office Equipment are being depreciated at the rate of 15%, 20% and 20% respectively on straight line basis.
- g) Depreciation is provided in accordance with the provisions of the Companies Act, 1956, prevailing from time to time at the straight line method except (i) for mobile phones at the rate of 50% per annum, (ii) for items given to employees under the furniture equipment scheme which has been provided at the rate of 25% per annum for computers and 15% per annum for other items and (iii) for assets whose actual cost does not exceed ₹ 5000, which has been depreciated fully in the year of addition of the asset, irrespective of the date of such addition.
- h) Machinery Spares, which can be used only in connection with an item of fixed asset and whose use is expected to be irregular, are treated as fixed assets and depreciated over a period of five years (by charging depreciation @ 20% p.a. on straight line basis) or the residual life of the Principal asset, whichever is lower.

**2. Valuation of Investments**

The long term investments made by the company appear at cost inclusive of acquisition charges. Provision is made for diminution in value considering the nature and extent of permanent diminution. Current investments appear at lower of cost or fair value.

**3. Valuation of Inventories**

- (i) Inventories are valued at lower of cost or net realisable value. For this purpose, the basis of ascertainment of cost of the different types of inventories is as under -
  - a) Raw materials & trading goods (other than tea), stores & spare parts and materials for turnkey projects on the basis of weighted average cost.
  - b) Work-in-progress on the basis of weighted average cost of raw materials and conversion cost upto the relative stage of completion.
  - c) Finished goods on the basis of weighted average cost of raw materials, conversion cost and other related costs.
  - d) Tea (unblended, blended and packed) - on the basis of specific cost.
- (ii) Tools, dies, jigs and fixtures are written-off over the economic life except items costing upto ₹ 10000 which are charged off in the year of issue.

**4. Recognition of Revenue**

Revenue is recognised in compliance with the following:

- a) In case of sale of goods :

When the property and all significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. Sales are stated exclusive of Sales Tax / VAT.
- b) In case of services rendered:

When performance in full or part as having achieved is recognised by the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from rendering the services. Income from Services are exclusive of Service Tax.
- c) In case of project activities:

As per the percentage of completion method after progress of work to a reasonable extent.
- d) In case of other income:
  - i) Interest on a time proportion basis taking into account the outstanding principal and the relative rate of interest.

## Significant Accounting Policies

- ii) Dividend from investments in shares on establishment of the Company's right to receive.

### 5. Employee Benefits

- a) Company's contributions to Provident Fund and Superannuation Fund are charged to Profit and Loss Account.
- b) Employee benefits in respect of Gratuity, Leave Encashment, Long Service Awards and Leave Travel Assistance are charged to Profit & Loss Account on the basis of actuarial valuation made at the year end.
- c) Post retirement medical benefit is also recognised on the basis of actuarial valuation made at the year end.

### 6. Payments made under Voluntary Retirement / Separation Schemes

- a) Compensation comprising of Ex - gratia , Notice-Pay and Rehabilitation Grant payable to employees separating under Voluntary Retirement / Separation Scheme till 31 March, 2005 is treated as Deferred Revenue Expenditure and is written off as per following instalments :-
  - (i) Paid upto December, 1999- Five equal yearly instalments;
  - (ii) Paid during January, 2000 - Sixty equal monthly instalments to March, 2005
- b) Compensation under Voluntary Retirement/ Separation Scheme with effect from 1st April, 2005 - Charged off in the same financial year.

### 7. Treatment of Prior Period and Extraordinary Items

- a) Prior period items which arise in the current period as a result of error or omission in the preparation of prior period's financial statement are separately disclosed in the current statement of profit & loss. However, differences in actual income/expenditure arising out of over or under estimation in prior period are not treated as prior period income/expenditure.
- b) Income / Expenditure upto ₹ 10000 in each case pertaining to prior years is charged to the current year.
- c) Extraordinary items, i.e., gains or losses which arise from events or transactions which are distinct from the ordinary activities of the Company and which are material are separately disclosed in the statement of accounts.

### 8. Foreign Currency Translations

- a) All transactions in foreign currency other than those specified below are converted at the exchange rate prevailing on the respective dates of transactions.

- b) Monetary items denominated in a foreign currency (such as cash, balance in bank accounts, receivables, payables, etc) are translated at the exchange rate prevailing on the date of Balance Sheet other than those covered with forward contract.
- c) Non-monetary assets denominated in foreign currency such as Long Term Investment, Inventories and Fixed Assets are carried at cost.
- d) In case of foreign branch, translation of the financial statement is made on the following basis -
  - i) Revenue items except opening and closing inventories are converted at average rate. Opening and closing inventories are translated at the rate prevailing at the commencement and close respectively.
  - ii) Fixed Assets and depreciation are converted at the exchange rate on the date of the transactions.
  - iii) Other Current Assets and Current Liabilities are converted at the exchange rate as on the date of the Balance Sheet.
- e) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss Account except as stated above.
- f) Premium / discount arising at the inception of the forward exchange contracts entered into to hedge foreign currency risks are amortised as expense or income over the life of the contract. Exchange difference on such contracts are recognised in the Profit & Loss Account.

### 9. Accounting for Research & Development

- a) Revenue Expenditure is shown under Primary Head of Accounts with the total of such expenditure being disclosed in the Notes.
- b) Capital expenditure relating to research & development is treated in the same way as other fixed assets.

### 10. Treatment of Grant/Subsidy

- a) Revenue grant/subsidy in respect of research & development expenditure is set off against respective expenditure.
- b) Capital grant/subsidy against specific fixed assets is set off against the cost of those fixed assets.
- c) When grant/ subsidy is received as compensation for extra cost associated with the establishment of manufacturing units or cannot be related otherwise to any particular fixed assets the grant/subsidy so received is credited to capital reserve. On expiry of the stipulated period set out in the scheme of grant/subsidy the same is transferred from capital reserve to general reserve.

## Significant Accounting Policies

- d) Revenue grant in respect of organisation of certain events is shown under Sundry Income and the related expenses there against under normal heads of expenditure.

### 11. Accounting for Borrowing Cost

Borrowing Costs that are directly attributable to the acquisition, construction or production of assets which take substantial period of time to get ready for its intended use are capitalised as part of the cost of those assets. Other Borrowing Costs are recognised as expense in the period in which they are incurred.

### 12. Impairment of Assets

An assessment is made at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on appropriate discount factor.

### 13. Cash Flow Statement

Cash Flow Statement, as per Accounting Standard – 3 issued by The Institute of Chartered Accountants of India, is prepared using the Indirect Method.

### 14. Segment Reporting

Segment Reporting is done as per Accounting Standard – 17 issued by The Institute of Chartered Accountants of India. The Company has identified business segment as its primary reporting segment.

### 15. Intangible Assets

- (a) Expenditure incurred for acquiring intangible assets like software of ₹ 5,00,000 and above and license to use software per item of ₹ 25000 and above, from which economic benefits will flow over a period of time, is capitalised and amortised over the estimated useful life of the asset or five years, whichever is earlier, from the time the intangible asset starts providing the economic benefit.
- (b) In other cases, the expenditure is charged to revenue in the year in which the expenditure is incurred.

### 16. Provisions, Contingent Liabilities and Capital Commitments

- (a) Provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.
- (b) Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Company.
- (c) Capital commitments and Contingent liabilities disclosed are in respect of items which exceed ₹ 1,00,000 in each case.
- (d) Contingent liabilities are considered only on conversion of show cause notices issued by various Government authorities into demand.

As per our report attached

#### For J. Gupta & Co.

Chartered Accountants  
Firm Registration No. 314010E

#### S. P. Datta

Partner  
Membership No. 13852

Kolkata, the 28th May, 2011

S. K. Mukherjee  
*Managing Director*

M. P. Bezbaruah  
Asish K. Bhattacharyya  
VLVSS Subba Rao  
K. Subramanyan

P. K. Bora  
Abha Chaturvedi  
V. Sinha  
V. N. Sharma  
*Directors*

Amit Ghosh  
*Secretary*

**Statement of Disputed Dues as on 31st March, 2011  
(Not provided for in the accounts)**

Name of the Statute	Nature of the Dues	Amount (₹/ Lakhs)		Period to which the amount relates	Forum where dispute is pending
		2010-11	2009-10		
Sales Tax Act.	Sales Tax	17.67	17.67	Asst year 1994/95	Tribunal, Mumbai
		1.55	1.55	Asst year 1994/95	Tribunal, Mumbai
		1.35	1.35	Asst year 2004/05	Dy. Commissioner, Mumbai
		8.91	36.00	Asst year 2003/04	Dy. Commissioner, Mumbai
		0.98	1.53	Asst year 2003/04	Dy. Commissioner, Mumbai
		87.25	87.25	Asst year 2003/04	Dy. Commissioner, Mumbai
		2.23	2.33	Asst year 2003/04	Dy. Commissioner, Mumbai
		0.26	0.26	Asst year 2004/05	Dy. Commissioner, Mumbai
		0.81	0.81	Asst year 2003/04	Dy. Commissioner, Mumbai
		5.78	5.78	Asst year 2000/01	Dy. Commissioner, Mumbai
		0.90	0.90	Asst year 2000-01	Dy. Commissioner, Mumbai
		0.61	0.61	Asst year 2001/02	Dy. Commissioner, Mumbai
		8.08	8.08	Asst year 2000/01	Dy. Commissioner, Mumbai
		4.85	4.85	Asst year 2001/02	Dy. Commissioner, Mumbai
		1.35	1.35	Asst year 2000-01	Dy. Commissioner, Mumbai
		1.68	1.68	Asst year 2001-02	Dy. Commissioner, Mumbai
		1.37	1.37	Asst year 2001-02	Dy. Commissioner, Mumbai
		-	0.73	Asst year 2002-03	Dy. Commissioner, Mumbai
		-	0.72	Asst year 2002-03	Dy. Commissioner, Mumbai
		-	2.34	Asst year 2002-03	Dy. Commissioner, Mumbai
		-	43.97	Asst Yr 2003/04	Asst. Commissioner, Mumbai
		-	0.26	Asst year 2002-03	Jt Commissioner, Mumbai
		105.20	105.20	Asst year 2002-03	Asst. Commissioner, Mumbai
		1.78	1.78	Asst year 2001/02 (WBST Act. 94)	Dy. Commissioner, West Bengal
		2.18	2.18	Asst year 2001/02 (CST Act. 56)	Dy. Commissioner, West Bengal
		-	16.91	Asst year 2002/03 (WBST Act. 94)	Dy. Commissioner, West Bengal
		-	1.50	Asst year 2002/03 (CST Act. 56)	Dy. Commissioner, West Bengal
		13.25	13.25	Asst year 2003/04 (WBST Act. 94)	Dy. Commissioner, West Bengal
		25.73	25.73	Asst year 2003/04 (CST Act. 56)	Dy. Commissioner, West Bengal
		7.07	-	Asst year 2007/08 (VAT Act. 03)	Sr. Jt. Commissioner, Appeal West Bengal
		271.33	-	Asst year 2007/08 (CST Act. 56)	Sr. Jt. Commissioner, Appeal West Bengal
		72.94	-	Asst year 2007/08 (VAT Act. 03)	Sr. Jt. Commissioner, Appellate & Revisional Board, West Bengal
		13.17	13.17	Asst year 1992/93	CTO, Kochi
		69.38	69.38	Asst year 1993/94	CTO, Kochi
2.25	2.25	Asst year 2005/06	CTO, Kochi		
6.63	6.63	Asst year 2005/06	CTO, Kochi		
15.62	15.62	Asst year 1993/94	Appeal pending before STAT, Kochi		
1.82	1.82	Asst year 2003/04	Asst. Commissioner, Chennai		
14.95	14.95	Asst year 2008/09	Appeal pending with AAC		
1.64	1.64	Asst year 2008/09	Appeal pending with AAC		
14.65	14.65	Asst year 1998/99	Appeal pending before STAT		
15.16	15.16	Asst year 2004/05	Dy. Commissioner, West Bengal		
48.17	48.17	Asst year 2004/05	Dy. Commissioner, West Bengal		
72.94	72.94	Asst year 2005/06	Appeal pending with Sales Tax Appellate & Revision Board		
117.89	127.67	Asst year 2005/06	- do -		
2.17	9.76	Asst year 1998/99	AAC, Chennai		
47.30	-	Asst year 1996/97	Appeal pending with AAC, Chennai		
12.14	-	Asst year 1996/97	Appeal pending with AAC, Chennai		
<b>SUBTOTAL</b>		<b>1,100.99</b>	<b>801.77</b>		

**Statement of Disputed Dues as on 31st March, 2011  
(Not provided for in the accounts)**

Name of the Statute	Nature of the Dues	Amount (₹/ Lakhs)		Period to which the amount relates	Forum where dispute is pending
		2010-11	2009-10		
Central Excise Act	Excise Duty	91.15	91.15	October, 2000	High Court, Mathura
		262.30	262.30	July '97	Appellate Tribunal, Kolkata
		16.31	16.31	Feb. 2004	Appellate Tribunal, Kolkata
		305.02	287.53	Jul 00 to Dec 02	Commissioner, Mumbai
		46.45	44.47	Feb.2004	Jt Commissioner, Mumbai
		8.79	14.28	April '08	Addl. Commissioner, Mumbai
		3.97	2.16	2006/07	Commissioner (Appeal), Mumbai
		-	1.25	March, 2009	Commissioner (Appeal), Gurgaon
		6.87	-	March, 2011	Comm (Appeals), Mumbai
		0.16	0.16	Feb. 2010	Dy. Commissioner (Central Excise), Kolkata
		2.46	2.46	March, 2010	- do -
		3.73	3.30	March, 2002	Asstt Commissioner, Mumbai
		34.94	30.92	2008-09	Commissioner (Appeal), Mumbai
		195.94	195.94	2004-05	Commissioner (Appeal), Mumbai
			<b>SUB TOTAL</b>	<u>978.09</u>	<u>952.22</u>
	Cess	80.56	75.63	Asstt Yr 1999/00	High Court, Mumbai
		66.51	62.38	Asstt Yr 2000/01	High Court, Mumbai
	<b>SUB TOTAL</b>	<u>147.08</u>	<u>138.01</u>		
Service Tax Act	Service Tax	261.97	250.60	Aug.'02 - March'05	Commissioner of Central Excise (Adjn), Mumbai
		159.28	151.81	April'05 - March'06	- do -
		169.89	161.35	July, 2007	- do -
		186.20	165.71	4-05-2009 to 29-12-2009	Commissioner of Registered Commissionerate, Mumbai
		36.24	31.54	14-05-2009 to 29-12-2009	- do -
		-	5.98	May, 2005 to Nov.-2007	Asst. Commissioner of Service Tax, Chennai
		3,054.72	3,054.72	Oct., 2002 - March, 2007	CESTAT, West Bengal
		-	1.14	November, 2007	Joint Commissionr (Service Tax) West Bengal
		-	6.85	November, 2007	- do -
		-	26.89	07-12-2009	Addl. Commissioner (Service Tax) West Bengal
		2.40	2.40	March, 2010	Dy. Commissioner (Service Tax) West Bengal
		4.38	4.38	28, November, 2007	CESTAT, Ahmedabad
		1.92	1.92	21-07-2009	Commissioner of Central Excise (Appeals), Chennai
		716.14	716.14	April'08 to March'09	Commissioner of Central Excise, Mumbai
		25.19	25.19	Asstt Yr 2005-06/2006-07	Addl. Commissioner (Service Tax), West Bengal
		0.92	-	April, 2010	Addl. Commissioner (Service Tax) West Bengal
		9.33	-	Apr 06 to Feb 10	Asstt Commissioner, Mumbai
		2.00	-	Mar 10 to Dec 10	Superintendent, Mumbai
3.37	-	Apr 06 to Dec 10	Asstt Commissioner, Mumbai		
12.66	-	21.01.2011	Commissioner (Appeals),Gurgaon		
17.69	-	Mar-09	Commr of Central Excise, Coimbatore		
46.41	-	1/5/2011	Appellate Tribunal		
14.68	-	11/9/2010	Additional Commissioner, Mumbai		
0.58	-	11/9/2010	Dy. Commissioner, Mumbai		
	<b>GRAND TOTAL</b>	<u>6,952.14</u>	<u>6,498.63</u>		

**Disclosure requirements under AS- 15 for Employee Benefits for BL  
Employee Benefits ( Refer note no. 14.20 )**

ANNEXURE - B

Particulars	Gratuity (Funded)		Post-retirement Medical (Non-Funded)		Leave Encashment (Non-Funded)		Long Service Award (Non-Funded)		Trust managed Provident Fund (Funded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>I Net Asset / (Liability) recognised in the Balance Sheet as at March 31, 2011</b>										
1 Present value of funded obligations – A	3,087.93	2,713.21	200.68	154.17	2,604.18	2,222.03	301.76	38.55	13,460.79	11,286.73
2 Fair Value of Plan Assets – B	2,740.32	2,311.28	–	–	–	–	–	–	13,021.07	11,357.68
3 (Deficit) / Surplus – ( A – B )	(347.61)	(401.93)	(200.68)	(154.17)	(2,604.18)	(2,222.03)	(301.76)	(38.55)	(439.72)	70.95
4 Net Asset / Liabilities	–	–	–	–	–	–	–	–	–	70.95
– Assets	–	–	–	–	–	–	–	–	–	70.95
– Liabilities	(347.61)	(401.93)	(200.68)	(154.17)	(2,604.18)	(2,222.03)	(301.76)	(38.55)	(439.72)	–
<b>II Expense Recognised in the Profit &amp; Loss Account for the year ended March 31, 2011</b>										
1 Current Service Cost	187.00	157.18	–	–	574.04	443.34	–	–	1,359.56	1,372.41
2 Interest on Defined Benefit Obligation	211.74	177.07	11.56	8.69	168.37	122.43	–	2.60	1,041.40	794.29
3 Expected Return on Plan Assets	212.00	179.77	–	–	–	–	–	–	965.40	768.80
4 Net Actuarial Losses/(Gains) recognised during the year	97.63	247.09	54.25	18.28	–	(163.89)	373.60	6.64	434.67	5.08
5 Past Service Cost	–	–	–	–	–	–	–	–	–	–
6 Excess Contribution made in earlier years to be adjusted in future years	–	–	–	–	–	–	–	–	–	–
Total (1+2-3+4)	284.37	401.57	65.81	26.97	742.41	401.88	373.60	9.24	1,870.23	1,402.98
Actuarial return on Plan Assets	–	–	–	–	–	–	–	–	–	–
<b>III Change in present value of obligation during the year ended March 31, 2011</b>										
1 Opening Defined Benefit Obligation	2,713.20	2,247.47	154.17	125.74	2,222.03	1,612.40	38.55	35.66	11,286.73	9,508.50
2 Past Service Cost	–	–	–	–	–	–	–	–	–	–
3 Current Service Cost	187.00	157.18	–	–	574.04	443.34	–	–	1,359.56	1,372.41
4 Interest Cost	211.74	177.07	11.56	9.68	168.37	122.43	–	2.60	1,041.40	794.29
5 Actuarial Losses/(Gains)	108.83	199.64	54.25	28.14	(125.46)	207.75	373.60	6.64	422.27	(60.48)
6 Benefits Paid	132.84	68.16	19.30	9.39	234.80	163.89	110.39	6.35	649.17	327.99
7 Closing Defined Benefit Obligation (1+2+3+4-5)	3,087.93	2,713.20	200.68	154.17	2,604.18	2,222.03	301.76	38.55	13,460.79	11,286.73



**BALMER LAWRIE & CO. LTD.**  
**Information About Business Segments for the Year Ended 31st. March 2011**

	₹/Lakhs											
	Industrial Packaging		Logistics Infrastructure & Services		Travel and Tours		Greases and Lubricants		Others		Consolidated Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>SEGMENT REVENUE</b>												
External Revenue	38730.02	34362.69	35796.36	33491.16	87397.83	60836.88	33344.42	28609.68	6526.92	6448.58	201795.55	163749.00
Inter-Segment Revenue	1422.40	1010.23	36.38	33.04	45.40	44.26	66.75	24.30	32.11	114.77	1603.04	1226.60
Total Segment Revenue	40152.42	35372.92	35832.73	33524.20	87443.23	60881.14	33411.17	28633.98	6559.03	6563.35	203398.59	164975.60
Less :												
Inter-Segment Revenue											1603.04	1226.60
Add :											3192.49	3509.46
Other Unallocable Revenue											204988.04	167258.46
<b>TOTAL REVENUE</b>												
<b>SEGMENT RESULT</b>												
Profit / (Loss) before Interest & Tax	3577.05	2582.04	9198.57	8991.79	3549.05	2402.92	3125.83	3058.82	91.73	(131.99)	19542.24	16903.58
Less :												
Interest Expense											299.17	254.91
Prior Period Adjustment											14.47	14.04
Other Unallocable Expenditure (net of Unallocable Revenue)											1124.73	1336.72
<b>TOTAL PROFIT BEFORE TAX</b>												
<b>OTHER INFORMATION</b>												
Segment Assets	14781.12	12611.38	17901.31	15083.03	16181.29	12004.85	16511.03	13027.16	5150.19	5908.49	70524.93	58634.91
Other Unallocable Assets											35626.67	34843.38
Total Assets	5858.60	5137.16	13194.29	12099.68	5606.43	4387.07	7631.00	6500.10	1169.51	1847.63	106151.61	93478.28
Segment Liabilities											33459.83	29971.64
Other Unallocable Liabilities											18543.13	16210.54
Total Liabilities	497.47	218.16	2345.86	2519.64	100.93	47.12	343.03	218.03	633.55	588.24	52002.96	46182.18
Capital Expenditure	305.00	315.99	344.03	319.52	39.03	36.02	195.27	193.46	329.45	295.62	3920.84	3591.18
Depreciation											1212.77	1160.62
Impairment loss on Fixed Assets												
Amortisation of Deferred Revenue Expenditure												

Notes :

1. Details of products / services included in each of the above Business Segments are given below :

- Industrial Packaging
  - Barrels & Drums
- Logistics Infrastructure & Services
  - Logistics Services & Logistics Infrastructure
  - Travel (Ticketing), Tours & Money Changing Activities
- Travel & Tours
  - Greases & Lubricating Oils
- Greases & Lubricants
  - Engineering & Projects Services, Tea Blending & Packaging, Leather Chemicals etc.
- Others
  - Segment Revenue, Segment Expenses and Segment Results include transfers between Business Segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods and are eliminated in consolidation.

**Balance Sheet Abstract and Company's general business profiles**

**I Registration Details**

Registration No.	4	8	3	5	State Code	2	1	
Balance Sheet Date	3	1	0	3	2	0	1	1
	Date	Month	Year					

**II Capital raised during the year ( Amount in ₹ Lakhs )**

Public Issue	N	I	L	Right Issue	N	I	L
Bonus Issue	N	I	L	Private Placement	N	I	L

**III Position of Mobilisation and Deployment of funds ( Amount in ₹ Lakhs )**

Total Liabilities	5	4	1	4	9	Total Assets	5	4	1	4	9
SOURCES OF FUND						Reserve & Surplus	5	1	7	5	5
Paid up Capital		1	6	2	9	Unsecured Loans	0	0	0	0	0
Secured Loans		0	0	0	0	Investments	0	5	7	2	4
Deferred Taxation provision		0	7	6	5	Misc. Expenditure	0	0	0	0	0
APPLICATION OF FUNDS						Deferred Taxation assets		0	0	0	0
Net Fixed Assets	2	2	2	9	4						
Net Current Assets	2	6	1	3	1						
Accumulated Losses	0	0	0	0	0						

**IV Performance of the Company (Amount in ₹ Lakhs)**

Turnover	2	0	4	9	8	8	Total Expenditure	1	8	6	8	8	4
Profit/(Loss) Before Tax	1	8	1	0	4	Profit/(Loss) After Tax	1	2	1	0	9		
Earning Per Share ( in Rs.)			0	7	4	Dividend Rate ( % )			2	6	0		

**V Genetic Names of Three Principal Products/Services of Company ( as per monetary terms )**

Item Code No. ( ITC Code )	7	3	1	0	.	1	0														
Product Description	S	T	E	E	L	D	R	U	M	S	&	B	A	R	R	E	L				
Item Code No. ( ITC Code )	2	7	1	0	.	0	0														
Product Description	G	R	E	A	S	E	&	L	U	B	R	I	C	A	T	I	N	G	O	I	L
Item Code No. ( ITC Code )					N	A	(*)														
Product Description	T	R	A	V	E	L	T	O	U	R	S	&	L	O	G	I	S	T	I	C	S

\* No Item Code has been assigned to Travel, Tours and Logistics under the Indian Trade Classification.

As per our report attached

**For J. Gupta & Co.**  
Chartered Accountants  
Firm Registration No. 314010E

**S. P. Datta**  
Partner  
Membership No. 13852  
Kolkata, the 28th May , 2011

S. K. Mukherjee  
Managing Director

M. P. Bezbaruah  
Asish K. Bhattacharyya  
VLVSS Subba Rao  
K. Subramanyam

P. K. Bora  
Abha Chaturvedi  
V. Sinha  
V. N. Sharma  
Directors

Amit Ghosh  
Secretary

**Cash Flow Statement for the year ended 31st March, 2011**

	Year Ended March 31, 2011	Year Ended March 31, 2010
		(₹/lakhs)
<b>A. Cash flow from operating activities</b>		
<b>Net profit before tax [Note 1]</b>	<b>18091</b>	15256
Adjustment for		
Depreciation and fixed assets written off	1306	1184
Interest / Dividend	(398)	(479)
Provision for diminution in value of investments	0	1165
<b>Operating Profit Before Working Capital Changes</b>	<b>18999</b>	17126
Trade and other receivables	(5993)	(3315)
Inventories	(2762)	(1285)
Trade Payables	4809	2157
<b>Cash generated from operations</b>	<b>15053</b>	14683
Direct Taxes paid	(5511)	(5870)
Interest paid	(299)	(255)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>9243</b>	8558
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(4307)	(3173)
Sale of Fixed assets	20	65
Purchase of Investments	(1330)	(553)
Dividend received	697	734
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(4920)</b>	(2927)
<b>C. Cash flow from financing activities</b>		
Dividend paid	(3720)	(3234)
Corporate Tax on Dividend	(622)	(554)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(4342)</b>	(3788)
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS ( A+B+C )</b>	<b>(19)</b>	1843
<b>CASH &amp; CASH EQUIVALENTS - OPENING BALANCE</b>	<b>26717</b>	24874
<b>CASH &amp; CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>26698</b>	26717

As per our report attached

**For J. Gupta & Co.**

Chartered Accountants  
Firm Registration No. 314010E

**S. P. Datta**

Partner

Membership No. 13852

Kolkata, the 28th May , 2011

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P. K. Bora  
Abha Chaturvedi  
V. Sinha  
V. N. Sharma  
Directors

Amit Ghosh  
Secretary

**Notes on Cash Flow Statement**

1. The above Cash Flow Statement has been prepared under "Indirect Method" set out in Accounting Standard - 3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

	Year Ended March 31, 2011	Year Ended March 31, 2010
		(₹/lakhs)
2. Net Profit after tax as per Profit & Loss Account	12109	11729
Add : Tax Provision (Net)	5995	3569
	<u>18104</u>	<u>15298</u>
Less : Profit / (Loss) on disposal of fixed assets (net)	13	42
Net profit before tax	<u>18091</u>	<u>15256</u>
3. Changes in Working Capital - computation (Excluding items shown separately)		
<b>Current Assets</b>		
Sundry Debtors	30910	24467
Loans & Advances	8593	9043
Inventories	11932	9170
	<u>51435</u>	<u>42680</u>
<b>Current Liabilities</b>		
Trade Payable	41712	36903
Net Current Assets	9723	5777
Changes	<u>3946</u>	<u>2443</u>
4. Component of Cash and Cash equivalent		
Cash and Bank Balances	26698	26717
	<u>26698</u>	<u>26717</u>
Changes	<u>(19)</u>	<u>1843</u>

As per our report attached

**For J. Gupta & Co.**

Chartered Accountants  
Firm Registration No. 314010E

**S. P. Datta**

Partner

Membership No. 13852

Kolkata, the 28th May , 2011

S. K. Mukherjee  
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K. Subramanyan

P. K. Bora  
Abha Chaturvedi  
V. Sinha  
V. N. Sharma  
Directors

Amit Ghosh  
Secretary

**STATEMENT REGARDING SUBSIDIARY COMPANY  
Pursuant to Section 212(1) and (3) of the Companies Act, 1956**

<b>BALMER LAWRIE (UK) LTD</b>	<b>USD</b>	<b>Converted @ ₹ 43.99/USD</b>
a) Holding Company's Interest:		
Entire Issued Share Capital of Ordinary Shares of £ 1 each fully paid up at cost	53,37,478	23,47,95,657
b) Net aggregate amount of Subsidiary's profit/(loss) not dealt with in the Holding Company's accounts:		
i) for the subsidiary's financial year ended 31st March, 2011	1,14,870	50,53,131
ii) for the previous financial years (cumulative)	29,76,868	13,09,52,423
c) Net aggregate amount of Subsidiary's profit/(loss) dealt with in the Holding Company's accounts:		
i) for the Subsidiary's financial year ended 31st March, 2011	Nil	Nil
ii) for the previous financial years	Nil	Nil

S. K. Mukherjee  
*Managing Director*

M. P. Bezbaruah  
Asish K. Bhattacharyya  
VLVSS Subba Rao  
K. Subramanyan

P. K. Bora  
Abha Chaturvedi  
V. Sinha  
V. N. Sharma  
*Directors*

Amit Ghosh  
*Secretary*

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**Subsidiary Company**  
**BALMER LAWRIE (UK) LIMITED**

**Pursuant to Approval Given under Section 212(8) of the Companies Act, 1956 by the Department of Company Affairs, Government of India**

**Financial Statements For The Year Ended 31<sup>st</sup> March, 2011 is furnished in Indian Rupees converted at the exchange rate as on 31.03.2011 – Rs. 43.99/USD**

# Balmer Lawrie (UK) Limited

## Directors' report for the year ended 31st March 2011

The directors present their report and the financial statements for the year ended 31 March 2011.

### Statement of directors' responsibilities

The directors are responsible for preparing the Director's Report and financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable the director to ensure that the financial statements comply with the Companies Act 2006. The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Awareness of relevant audit information

The directors at the time the report was approved are aware that:

- there is no relevant information of which the auditors are unaware; and
- that they have taken 'all the steps they ought to have taken to make themselves aware of any relevant audit information to establish that the auditors are aware of that information.

### Principal activity and review of business

The company was earlier engaged in Leasing and Hiring of Marine Freight Containers and Tea Warehousing, Blending & Packaging. After exiting these two 'businesses the proceeds are being used to fund other business opportunities.

The company has invested approximately US\$ 1.32 million (US\$ 1.18 million in FY 09-10 and 0.14 million in the current financial year) equivalent to Indonesian Rupiah 12.30 billion, being 50% of the paid-up equity capital of a Joint Venture Company (JVC) that has been formed in Indonesia. Balance 50% paid-up capital of JVC is subscribed by PT Imani Wicaksana, Indonesia to manufacture and market lubricating greases and other lubricants in Indonesia. The JVC has already commenced construction of a plant at an estimated cost of US\$ 5.3 million and this is likely to be completed in the financial year 2011-2012.

### Results and dividends

The results for the year are set out on page 101.

The profit for the year before taxation was US\$114,870 (2010: profit US\$242,024).

The directors do not recommend the payment of a dividend (2009: \$nil).

### Directors

The directors set out in the table below have held office during the period from 1 April 2010 to the date of this report.

The interests of the directors holding office on 31 March 2011 in the company's issued share capital were:

	Ordinary shares of £1 each	
	31 March 2011	1 April 2010
S K Mukherji	—	—
K Subramanian	—	—
V Sinha	—	—

### Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Haines Watts will therefore continue in office.

By order of the Board

S K Mukherji	K Subramanian	V Sinha
Director	Director	Director

19 May 2011

## Independent auditors' report to the members of Balmer Lawrie (UK) Limited

We have audited the financial statements of Balmer Lawrie (UK) Limited for the year ended 31 March 2011 set out on page 101 to 104. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by Law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described in the Statement of Director's Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in "the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept., or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Kalbinder Sanghera ACA  
Senior Statutory Auditor  
For and on behalf of Haines Watts  
Statutory Auditor  
Beech Court  
Summers Road  
Burnham  
Buckinghamshire  
SL1 7EP

Profit and Loss Account for the year ended 31st March 2011

	Notes	2011	(₹/Lakhs) 2010
<b>Turnover</b>		–	–
Cost of sales		–	–
<b>Gross Profit</b>		–	–
Selling and distribution costs		–	–
Administration expenses		(2.99)	35.29
<b>Operating profit</b>	2	(2.99)	35.29
Interest receivable and similar charges		53.52	74.37
Profit on sale of fixed assets		–	–
Interest payable and similar charges	3	–	(3.19)
<b>Profit on ordinary activities before taxation</b>		50.53	106.47
Tax on profit on ordinary activities	5	(13.88)	(14.71)
Retained profit for the year	10	36.65	91.76

There are no recognised gains and losses other than those passing through the profit and loss account.

Balance Sheet as at 31st March 2011

	Notes	2011	(₹/Lakhs) 2010
<b>Fixed Assets</b>			
Tangible assets		–	–
Investments	6	579.38	518.25
		579.38	518.25
<b>Current Assets</b>			
Debtors	7	34.31	29.38
Cash at bank and in hand		3100.01	3130.19
		3134.32	3159.57
<b>Creditors : amounts falling due within one year</b>	8	(19.57)	(20.34)
<b>Net current assets</b>		3114.75	3139.23
<b>Total assets less current liabilities</b>		3694.13	3657.48
<b>Provision for liabilities and charges</b>		–	–
		3694.13	3657.48
<b>Capital and reserves</b>			
Share capital	9	2347.96	2347.96
Profit and loss account	10	1346.17	1309.52
<b>Shareholders' fund - equity interests</b>	11	3694.13	3657.48

These financial statements have been prepared in accordance with the special provisions of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board on 19th May 2011 and were signed on its behalf by:

S K Mukherji  
Director

K. Subramanyan  
Director

V. Sinha  
Director

# Balmer Lawrie (UK) Limited

## Notes to the Financial Statements for the year ended 31st March 2011

### 1. Accounting Policies

#### 1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and have been prepared on a going concern basis.

#### 1.2. Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT .

#### 1.4 Cashflow statement

The company is exempt from the requirement of Financial Reporting Standard 1, "Cashflow Statements" as it qualifies as a small company in accordance with the Companies Act 2006.

#### 1.5 Related party transactions

The company has taken advantage of the exemption granted under Financial Reporting Standard 8 "Related Party Disclosures", not to disclose details of transactions with entities belonging to the group.

#### 1.6 Foreign currency translation

The Company's activities are more dependent on the American dollar than sterling. Consequently the company's financial statements are prepared in the American dollars on applying the following bases:

- Monetary assets and liabilities denominated in a foreign currency were translated into dollars at the foreign exchange rates ruling at the balance sheet date.
- Revenue and expenses in foreign currencies were translated in dollars at the average rate for the year.
- Any gains or losses arising on translation were taken to the profit and loss account.

#### 1.7 Investments

Investments are carried at cost or valuation. Cost is based on the fair value of the consideration paid for the investment, including acquisition costs.

Where a different value is demonstrated by a significant third party event, the investment is carried at a corresponding revalued amount. In the case of a permanent impairment in the carrying value of the asset, a write down provision is made in the profit and loss account.

### 2. Operating Profit

	2011	2010
Operating profit/(loss) is stated after charging :		
Depreciation	-	-
Auditors' remuneration	1.14	1.14
<b>3. Interest payable and similar charges</b>		
On bank loans and overdraft	-	3.19
	-	3.19

### 4. Directors' emoluments

Emoluments for qualifying services

### 5. Taxation on profit on ordinary activities

Analysis of charge (credit) in period :

#### Current Taxation

UK corporation tax charge for the year	13.88	14.71
Total current tax	13.88	14.71

#### Deferred taxation

Origination and reversal of timing difference (note 12 )	-	-
Tax on profit on ordinary activities	-	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28 % . The actual tax charge for the current and the previous year varies from the standard rate for the reasons set out in the following reconciliation.

Profit on ordinary activities before tax	50.53	106.47
Tax on profit on ordinary activities at standard rate	14.15	29.81
Factors affecting charge for the period :		
Expenses not deductible for tax purposes	-	-
Other adjustments	(0.27)	(15.10)
Balancing charges on disposal containers	-	-
Total actual amount of current tax	13.88	14.71

Notes to the Financial Statements for the year ended 31st March 2011

	2011	(₹/Lakhs) 2010
<b>6. Investment Cost</b>		
At 1 April 2010	518.25	–
Addition	61.13	518.25
At March 31 2011	<u>579.38</u>	<u>518.25</u>
Provision:		
At 1 April 2010	–	–
Provision for the year	–	–
At March 31 2011	–	–
Net Book amount at March 31 2011	<u>579.38</u>	<u>518.25</u>

This investment represents a 50% investment with PT Imani Wickasana, in the newly formed joint venture PT Balmer Lawrie Indonesia.

<b>7. Debtors</b>		
Prepayments and accrued income	34.31	29.38
	<u>34.31</u>	<u>29.38</u>
<b>8. Creditors : Amounts falling due within one year</b>		
Corporation tax provision	13.88	14.71
Accruals	5.69	5.63
	<u>19.57</u>	<u>20.34</u>
<b>9. Share Capital</b>		
<b>Authorised</b>		
4,000,000 Ordinary Shares of 1 each	2717.99	2717.99
<b>Allotted , Called Up &amp; Fully Paid</b>		
3,380,312 (2008 : 3,380,312 ) Ordinary Shares of 1 each	2347.96	2347.96

**10 Statement of movement on reserves**

	Profit and Loss account
Balance at 1 April 2010	1309.52
Retained loss for the year	36.65
Balance at 31 March 2011	<u>1346.17</u>

	2011	(₹/Lakhs) 2010
<b>11 Reconciliation of movement in shareholders' funds</b>		
Profit/ (Loss) for the financial year	36.65	91.75
Opening shareholders funds	3657.48	3565.73
Closing shareholders' funds	<u>3694.13</u>	<u>3657.48</u>

**12. Related party transactions**

The Company has taken advantage of the exemption granted under FRS 8 "Related Party Disclosures", not to disclose details of transactions with entities belonging to the group, on the grounds that consolidated financial statements are prepared by the ultimate parent company.

**13. Ultimate parent company**

The Company's ultimate parent company and ultimate controlling party is Balmer Lawrie & Co. Limited, a company incorporated in India.

# Balmer Lawrie (UK) Limited

## Detailed Trading and Profit & Loss Account for the year ended 31st March 2011

	(₹/Lakhs)	
	2011	2010
<b>Sales</b>		
Lease rentals - Containers	-	-
Other Income	-	-
	-	-
<b>Cost of sales</b>		
Containers : Handling charges	-	-
Storage charges	-	-
Depot charges	-	-
Repairs and maintenance	-	(0.01)
	-	(0.01)
<b>Gross profit</b>	-	0.01
Administration expenses	2.99	(35.29)
Selling expenses	-	-
	2.99	(35.29)
<b>Operating Profit/ (Loss)</b>	(2.99)	35.30
Profit on disposal of fixed assets	-	-
<b>Interest receivable and similar charges</b>		
Bank interest Receivable	53.52	74.37
<b>Interest payable and similar charges</b>		
Bank interest Payable	(3.19)	(3.19)
	(3.19)	(3.19)
<b>Net profit before taxation</b>	47.34	106.48

## Direct, administration and selling expenses for the year ended 31 March, 2011

	(₹/Lakhs )	
	2011	2010
<b>Administration expenses</b>		
Audit and accountancy	4.64	3.30
Bank charges	0.13	0.26
Legal and professional fees	-	9.59
Travel and subsistence	-	5.47
Sundries-refund of overpaid business rates	(0.83)	-
Exchange gain	(0.95)	(53.93)
Depreciation	-	-
	2.99	(35.31)
<b>Container selling expenses</b>		
Commission on rental income	-	-

**Auditors' Report on the Consolidated Financial Statements**

1. We have audited the attached Consolidated Balance Sheet of Balmer Lawrie and Company Limited ('the Company'), and its Subsidiary and four Joint Venture Companies (collectively referred to as 'the Group') as at 31<sup>st</sup>. March, 2011, and also the Consolidated Profit and Loss Account and the Consolidated "Cash Flow Statement" for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
  2. We have conducted our audit in accordance with the 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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.
  3. We did not audit the financial statements of its subsidiary and the joint ventures whose financial statements reflect total assets of ₹ 41481 lakhs as at 31<sup>st</sup> March, 2011, total revenues of ₹ 36159 lakhs and net cash flows amounting to (-) ₹ 837 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of such subsidiary and joint ventures, is based solely on the reports of the other auditors.
- Standard (AS) 27, 'Financial Reporting of interests in Joint Ventures', prescribed by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company and its subsidiary and joint ventures included in the Consolidated Financial Statements.
4. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid subsidiary and joint ventures, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March 2011;
    - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
    - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

**For J. GUPTA & CO.**  
Chartered Accountants  
Firm Reg. No.: 314010E

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) and

Kolkata  
Date: 28th May 2011

S. P. Dutta  
Partner  
Membership No. 13852

**CONSOLIDATED FINANCIAL STATEMENTS OF BALMER LAWRIE & CO. LIMITED**  
**Balance Sheet as at 31st March, 2011**

		SCHEDULES		As at 31/3/2010	
				Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs
<b>Sources of Funds</b>					
Shareholders' Funds					
Share Capital	1	1,629	1,629	1,629	1,629
Reserves & Surplus	2	53,533	62,297	46,389	55,095
		55,162	63,926	48,018	56,724
Loan Funds					
Secured	3	323	18,711	–	19,107
Unsecured	4	–	121	–	2,791
		323	18,832	–	21,898
Deferred Taxation Liability		737	1,258	1,095	1,807
		56,222	84,016	49,113	80,429
<b>Application of Funds</b>					
Fixed Assets (Net Block)					
Gross Block					
		33,715	70,501	31,208	67,354
Less : Depreciation		14,613	33,562	13,475	30,598
Less : Impairment of Assets		117	117	117	117
Net Block	5	18,985	36,822	17,616	36,639
Less : Accumulated Lease Equalisation Reserve		–	–	–	–
Less : Provision for Non Performing Assets		–	–	–	–
		18,985	36,822	17,616	36,639
Capital Expenditure in Progress including Pre-Production Expenditure		3,632	4,331	1,978	2,500
Advance against Capital Expenditure		187	272	240	240
		22,804	41,425	19,834	39,379
Investments	6	3,850	14	2,520	36
Net Current Assets					
Current Assets, Loans and Advances					
Interest accrued on Investment					
Inventories	7	11,976	26,803	9,176	22,412
Debtors	8	30,966	39,016	24,470	31,800
Cash and Bank Balances	9	29,953	30,419	30,213	30,508
Loans and Advances	10	8,769	9,955	9,126	11,886
		81,664	1,06,193	72,985	96,606
Less : Current Liabilities & Provisions	11				
Current Liabilities		42,300	52,375	37,415	45,544
Provisions		9,796	11,241	8,811	10,048
		52,096	63,616	46,226	55,592
		29,568	42,577	26,759	41,014
Miscellaneous Expenditure (to the extent not written off or adjusted)		–	–	–	–
		56,222	84,016	49,113	80,429
Notes on Accounts	16				
Significant Accounting Policies	17				

*The Schedules referred to above form part of the Accounts.*

*As per our report attached*

**For J. Gupta & Co.**  
Chartered Accountants  
Firm Registration No. 314010E

**S. P. Datta**  
Partner  
Membership No. 13852  
Kolkata, the 28th May, 2011

S. K. Mukherjee  
Managing Director

M. P. Bezbaruah  
Asish K. Bhattacharyya  
VLVSS Subba Rao  
K. Subramanyan

P. K. Bora  
Abha Chaturvedi  
V. Sinha  
V. N. Sharma  
Directors

Amit Ghosh  
Secretary

CONSOLIDATED FINANCIAL STATEMENTS OF BALMER LAWRIE & CO. LIMITED  
Profit and Loss Account for the year ended 31st March, 2011

SCHEDULES

As at 31/3/2010

		Consolidated with subsidiary and Joint Venture Companies		Consolidated with subsidiary and Joint Venture Companies	
		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
<b>Income</b>					
Sale					
Manufactured Goods		86,017	1,19,897	73,878	1,08,705
Less : Excise Duty		9,817	10,619	7,792	8,511
		76,200	1,09,278	66,086	1,00,194
Trading Goods		342	368	184	215
Turnkey Projects		–	(259)	798	501
Services		1,22,159	1,23,412	94,267	95,471
Other Income	12	6,448	8,348	6,068	8,082
		2,05,149	2,41,147	1,67,403	2,04,463
<b>Expenditure</b>					
Raw Materials Consumed - Manufactured Goods		55,801	76,981	47,481	69,137
Purchases - Trading Goods		426	152	152	40
Purchases - Turnkey Projects		–	–	1,260	1,260
Cost of Services		1,03,175	1,04,275	76,747	77,992
General Expenditure	13	27,504	39,882	25,715	36,642
Depreciation		1,218	3,148	1,162	3,148
Accretion(-) / Decretion(+) to Inventories	14	(1,057)	(2,171)	(530)	(462)
Prior Period Adjustments	15	14	101	14	2,347
Exceptional Items		–	–	–	(974)
		1,87,081	2,22,368	1,52,001	1,89,130
Profit before taxation		18,068	18,779	15,402	15,333
Provision for Taxation - Current		6,344	6,498	3,015	3,373
- Deferred		(360)	(551)	566	(24)
- Fringe		–	–	–	–
Profit after taxation		12,084	12,832	11,821	11,984
Transfer from					
Investment Allowance Reserve		–	–	–	–
Lease Equalisation Reserve		–	–	–	–
Foreign Exchange Earnings Reserve		–	–	–	–
Transfer to Foreign Exchange Earnings Reserve		–	–	–	–
Transfer to Foreign Projects Reserve		–	–	–	–
Balance Brought Forward		18,222	26,248	13,769	21,375
Addition due to increase in stake		–	–	–	371
Available for Appropriation		30,306	39,080	25,590	33,730
Interim dividend		–	–	–	–
Proposed Final Dividend		4,234	4,583	3,746	3,778
Corporate Tax on Dividend		687	706	622	653
Transfer to Minority Interest		–	30	–	34
Transfer to Special Reserve		–	–	–	–
Transfer to General Reserve		3,000	3,015	3,000	3,017
Balance Carried Forward		22,385	30,746	18,222	26,248
Earning Per Share		74.18	78.77	72.57	73.60
<b>Notes on Accounts</b>	16				
<b>Significant Accounting Policies</b>	17				

The Schedules referred to above form part of the Accounts.

As per our report attached

**For J. Gupta & Co.**  
Chartered Accountants  
Firm Registration No. 314010E

**S. P. Datta**  
Partner  
Membership No. 13852  
Kolkata, the 28th May, 2011

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Abha Chaturvedi  
V. Sinha  
V. N. Sharma  
Directors

Amit Ghosh  
Secretary

**CONSOLIDATED FINANCIAL STATEMENTS OF BALMER LAWRIE & CO. LIMITED**  
Schedules forming part of the Balance Sheet as at 31st March, 2011

## SCHEDULE 1

## SHARE CAPITAL

As at 31/3/2010

		Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs	Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs
<b>Authorised</b>					
	Equity shares	3,000	3,000	3,000	3,000
<b>Issued and Subscribed</b>					
90,65,547	Equity shares fully paid up in cash	907	907	907	907
67,72,404	Equity shares of Rs. 10 allotted as fully paid Bonus Shares by way of capitalisation of General Reserve and Share Premium	677	677	677	677
4,48,130	Equity shares of Rs. 10 each allotted as fully paid shares pursuant to amalgamation of Steel Containers Ltd. and Industrial Containers Ltd.	45	45	45	45
		<b>1,629</b>	<b>1,629</b>	<b>1,629</b>	<b>1,629</b>

## SCHEDULE 2

## RESERVES AND SURPLUS

## Capital Reserve

Central Investment Subsidy As per last Account	-	5	-	7
Capital Reserve on Consolidation	496	352	512	444
Share Premium Account As per last Account	3,627	3,675	3,627	3,675
Foreign Currency Translation Reserve	(350)	(535)	(347)	(353)
General Reserve As per last Account	24,375	25,039	21,370	22,052
Add :Transferred from Profit and Loss Account.	3,000	3,015	3,000	3,017
	<b>27,375</b>	<b>28,054</b>	<b>24,375</b>	<b>25,074</b>
Profit and Loss Account	22,385	30,746	18,222	26,248
	<b>53,533</b>	<b>62,297</b>	<b>46,389</b>	<b>55,095</b>

CONSOLIDATED FINANCIAL STATEMENTS OF BALMER LAWRIE & CO. LIMITED  
Schedules forming part of the Balance Sheet as at 31st March, 2011

SCHEDULE 3

SECURED LOANS

As at 31/3/2010

	Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs	Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs
From Banks/Financial Institutions				
Cash Credit/Export Credit/Working Capital Demand Loan Secured by hypothecation of stocks and debtors	–	8,821	–	8,054
Term Loan				
Secured by way of pari-passu first charge on certain movable fixed assets as well as some immovable properties	323	9,489	–	11,046
Other Loans : Vehicle Loan	–	8	–	7
Interest Accrued and Due	–	393	–	–
	<b>323</b>	<b>18,711</b>	<b>–</b>	<b>19,107</b>

SCHEDULE 4

UNSECURED LOANS

Other Loans and Advances				
Bank	–	121	–	1,752
Others	–	–	–	1,039
	<b>–</b>	<b>121</b>	<b>–</b>	<b>2,791</b>

## Schedules forming part of the Balance Sheet as at 31st March , 2011

## SCHEDULE 5

## (A) Assets held for active use

₹/Lakhs

	GROSS BLOCK				DEPRECIATION				IMPAIRMENT			NET BLOCK	
	Original Cost as at 1st April, 2010	Additions During the Year	Total Cost of items sold or scrapped/ adjusted	Original cost as at 31st March, 2011	Upto 31st March, 2010	For the Year	On items sold or scrapped/ adjusted	Total	Opening Impairment	For the Year	Closing Balance	As at 31st March, 2011	As at 31st March, 2010
Goodwill - Consolidated with Subsidiary and Joint Venture Companies	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Freehold - Consolidated with Subsidiary and Joint Venture Companies	1,293	7	-	1,300	-	-	-	-	-	-	-	1,300	1,293
Land Leasehold - Consolidated with Subsidiary and Joint Venture Companies	1,640	7	-	1,647	-	-	-	-	-	-	-	1,647	1,640
Buildings & Sidings - Consolidated with Subsidiary and Joint Venture Companies	2,738	32	-	2,770	502	80	-	582	-	-	-	2,188	2,236
Plant & Machinery - Consolidated with Subsidiary and Joint Venture Companies	3,350	70	-	3,420	522	89	-	611	-	-	-	2,809	2,828
Furniture & Fittings - Consolidated with Subsidiary and Joint Venture Companies	9,458	439	3	9,894	2,149	196	(7)	2,352	70	-	70	7,472	7,239
Technical Knowhow - Consolidated with Subsidiary and Joint Venture Companies	15,326	659	20	15,965	3,971	498	(1)	4,470	70	-	70	11,425	11,285
Leased Assets - Consolidated with Subsidiary and Joint Venture Companies	11,803	1,225	78	12,950	7,032	552	18	7,566	42	-	42	5,342	4,729
Spares for Plant & Machinery - Consolidated with Subsidiary and Joint Venture Companies	39,720	2,037	543	41,214	21,336	2,046	111	23,271	42	-	42	17,901	18,342
Electrical Installation & Equipment - Consolidated with Subsidiary and Joint Venture Companies	159	17	-	176	143	11	-	154	-	-	-	22	16
Typewriters, A/Machine & Off. Equip. - Consolidated with Subsidiary and Joint Venture Companies	159	17	-	176	143	11	-	154	-	-	-	22	16
Technical Knowhow - Consolidated with Subsidiary and Joint Venture Companies	2,050	238	16	2,272	1,173	111	6	1,278	1	(1)	-	994	876
Furniture & Fittings - Consolidated with Subsidiary and Joint Venture Companies	2,129	244	19	2,354	1,191	117	8	1,300	1	(1)	-	1,054	937
Technical Knowhow - Consolidated with Subsidiary and Joint Venture Companies	599	98	37	660	416	36	30	422	-	-	-	238	183
Leased Assets - Consolidated with Subsidiary and Joint Venture Companies	1,137	112	40	1,209	771	79	30	820	-	-	-	389	366
Typewriters, A/Machine & Off. Equip. - Consolidated with Subsidiary and Joint Venture Companies	1,899	126	39	1,986	1,368	153	36	1,485	-	-	-	501	531
Technical Knowhow - Consolidated with Subsidiary and Joint Venture Companies	2,209	132	42	2,299	1,624	179	40	1,763	-	-	-	536	585
Tubewells, Tanks & Misc. Equip. - Consolidated with Subsidiary and Joint Venture Companies	947	42	1	988	579	41	(3)	623	4	-	4	361	364
Leased Assets - Consolidated with Subsidiary and Joint Venture Companies	993	53	2	1,044	605	49	(2)	656	4	-	4	384	384
Technical Knowhow - Consolidated with Subsidiary and Joint Venture Companies	96	387	-	483	24	17	-	41	-	-	-	442	72
Leased Assets - Consolidated with Subsidiary and Joint Venture Companies	401	397	-	798	255	49	-	304	-	-	-	494	146
Technical Knowhow - Consolidated with Subsidiary and Joint Venture Companies	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased Assets - Consolidated with Subsidiary and Joint Venture Companies	124	4	-	128	93	9	-	102	-	-	-	26	31
Intangible Assets - Consolidated with Subsidiary and Joint Venture Companies	80	76	-	156	9	21	-	30	-	-	-	126	71
Leased Assets - Consolidated with Subsidiary and Joint Venture Companies	80	87	-	167	9	22	-	31	-	-	-	136	71
Leased Assets - Consolidated with Subsidiary and Joint Venture Companies	-	-	-	-	-	-	-	-	-	-	-	-	-
Total - Consolidated with Subsidiary and Joint Venture Companies	31,122	2,687	174	33,635	13,395	1,218	80	14,533	117	(1)	116	18,986	17,610
TOTAL(A) - Consolidated with Subsidiary and Joint Venture Companies	67,268	3,819	666	70,421	30,520	3,148	186	33,482	117	(1)	116	36,823	36,631



**CONSOLIDATED FINANCIAL STATEMENTS OF BALMER LAWRIE & CO. LIMITED**  
Schedules forming part of the Balance Sheet as at 31st March, 2011

## SCHEDULE 6

## INVESTMENTS

As at 31/3/2010

		Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs	Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs
<b>Trade Investments</b>					
Fully paid-up at cost					
3,57,591	Equity Shares of ₹ 10 each in Bridge and Roof Co.(India) Ltd.	14	14	14	14
1,95,900	Equity Shares of ₹ 10 each in Biecco Lawrie Ltd. (carried in books at a value of ₹ 1)	—	—	—	—
1,13,61,999	Equity Shares of ₹ 10 each in Transafe Services Ltd (carried in books at a value of ₹ 1)	—	—	—	—
45,00,000	Ordinary Shares of ₹ 10 each in AVI-OIL India [P] Ltd.	450	—	450	—
9800	Shares of Dhs. 1000 each in Balmer Lawrie(UAE) LLC	891	—	891	—
63,19,978	Equity Shares of ₹ 10 each in Balmer Lawrie-Van Leer Ltd. (Quoted)	1,165	—	1,165	—
1,33,00,000	Cumulative Redeemable Preference Shares of ₹ 10 each in Transafe Services Ltd.	1,330	—	—	—
<b>Other Investments</b>					
Fully paid up-at cost					
71	Equity Shares of ₹ 100 each in Duncan Brothers & Co. Ltd.(Quoted)	—	—	—	—
4,520	Equity Shares ₹ 10 each in Woodlands Multispeciality Hospitals Ltd.	—	—	—	—
5586	Units of Reliance Money Manager Fund -Institutional Option - Daily Dividend Plan	—	—	—	22
		<b>0</b>	<b>0</b>	<b>0</b>	<b>22</b>
		<b>3,850</b>	<b>14</b>	<b>2,520</b>	<b>36</b>

CONSOLIDATED FINANCIAL STATEMENTS OF BALMER LAWRIE & CO. LIMITED  
Schedules forming part of the Balance Sheet as at 31st March, 2011

SCHEDULE 7

INVENTORIES

As at 31/3/2010

	Consolidated with subsidiary and Joint Venture Companies		Consolidated with subsidiary and Joint Venture Companies	
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
Raw Materials.	6,785	17,602	4,964	14,041
Finished Products.	3,671	4,383	2,922	3,456
Trading Goods.	53	53	6	6
Work-in-Progress.	734	1,692	750	1,752
Stock-in-Transit				
Raw Materials	–	23	96	2,084
Finished Products	472	1,929	200	200
Trading Goods	–	–	–	–
	472	1,952	296	2,284
Stores and Spare Parts	261	953	238	951
Loose Tools.	–	231	–	152
Material With Third Party	–	7	–	58
Less: Provision for write down of inventories	–	70	–	288
	11,976	26,803	9,176	22,412

SCHEDULE 8

DEBTORS

Debts due for more than six months				
Unsecured				
— Considered Good.	5,068	6,626	3,403	3,444
— Others	–	–	–	2
— Considered doubtful	1,081	1,780	889	1,100
	6,149	8,406	4,292	4,546
Less: Provision for Doubtful Debts	1,081	1,780	889	1,100
	5,068	6,626	3,403	3,446
Other Debts				
Unsecured				
— Considered Good.	25,877	32,369	21,064	28,201
— Others	21	21	3	153
	25,898	32,390	21,067	28,354
	30,966	39,016	24,470	31,800

**CONSOLIDATED FINANCIAL STATEMENTS OF BALMER LAWRIE & CO. LIMITED**  
Schedules forming part of the Balance Sheet as at 31st March, 2011

**SCHEDULE 9****CASH AND BANK BALANCES**

As at 31/3/2010

	Consolidated with subsidiary and Joint Venture Companies		As at 31/3/2010	
	Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs	Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs
Cash in hand (including cheques and stamps)	12	133	14	54
With scheduled Banks				
In Current Accounts	2,616	2,743	4,211	4,250
In Short term Deposit Account	27,196	27,409	22,723	22,934
In Dividend Accounts	130	134	104	104
	29,942	30,286	27,038	27,288
With State Bank of India, London, in Current Account	(1)	(1)	3,161	3,161
Foreign Currency Accounts	–	1	–	1
	29,953	30,419	30,213	30,508

**SCHEDULE 10****LOANS AND ADVANCES**

Advances recoverable in Cash or in kind or for Value to be received				
Considered Good.				
Secured.	825	847	874	874
Unsecured				
Subsidiary Company				
Balmer Lawrie (UK) Ltd.	–	32	–	8
Balmer Lawrie Investments Ltd.	2	2	5	5
Others	6,002	5,950	5,933	7,776
Considered Doubtful.	94	104	85	95
	6,923	6,935	6,897	8,758
Less: Provision	94	104	85	95
	6,829	6,831	6,812	8,663
Deposits - Unsecured				
Considered Good	1,082	1,236	1,802	1,946
Balance with Customs, Port Trust				
Central Excise, etc.				
Considered Good	858	1,217	512	803
Advance Income Tax, net of provision	–	671	–	276
Advance payment of Income Tax	–	–	–	198
	8,769	9,955	9,126	11,886

CONSOLIDATED FINANCIAL STATEMENTS OF BALMER LAWRIE & CO. LIMITED  
Schedules forming part of the Balance Sheet as at 31st March, 2011

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS

As at 31/3/2010

	Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs	Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs
<b>Current Liabilities.</b>				
Sundry Creditors				
- Due to Small Scale Industries	65	77	31	45
- Due to Others	41,297	49,843	36,640	43,865
Minority Interest	-	807	-	202
Amounts received in advance against contracts.	808	1,418	640	1,287
Interest accrued but not due	-	96	-	37
Investor Education and Protection Fund shall be credited by the following amount :				
- Unclaimed Dividend [ Refer Note below ]	130	134	104	108
	<b>42,300</b>	<b>52,375</b>	<b>37,415</b>	<b>45,544</b>
<b>Provisions</b>				
Provision against Guarantee obligations				
As Per Last account	386	386	773	773
Less: Payment made during the year	386	386	386	386
	-	-	387	387
Proposed Final Dividend	4,234	5,261	3,746	4,501
Dividend Tax	687	706	622	653
Contingency as per last Account	-	-	-	2
Add: Provision made during the Year				
Leave Encashment	-	82	-	61
Provision for Sick Leave	-	-	-	18
Provision for Gratuity	-	22	-	30
Taxation, net of advance payment	4,875	5,170	4,056	4,396
	<b>9,796</b>	<b>11,241</b>	<b>8,811</b>	<b>10,048</b>
	<b>52,096</b>	<b>63,616</b>	<b>46,226</b>	<b>55,592</b>

Note : There is no amount due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund.

**CONSOLIDATED FINANCIAL STATEMENTS OF BALMER LAWRIE & CO. LIMITED**  
Schedules forming part of the Profit & Loss Account for the year ended as at 31st March, 2011

## SCHEDULE 12

## OTHER INCOME

As at 31/3/2010

	Consolidated with subsidiary and Joint Venture Companies		As at 31/3/2010	
	Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs	Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs
Income from Investments				
Trade Investments				
Dividend	697	120	734	86
Other Investments				
Dividend	–	(119)	–	(43)
[Tax deducted at source]				
Interest	–	–	–	–
	<u>697</u>	<u>1</u>	<u>734</u>	<u>43</u>
Interest on Advances				
Deposits, Deferred credit and Overdue debts	1,928	1,735	2,166	1,978
Operating Lease Rentals	–	2,189	–	2,182
Profit on Disposal of Fixed Assets	13	180	47	168
Export Incentives	32	172	36	160
Rent	280	279	290	289
Recovery of Transportation Charges	416	416	413	413
Discount and Commission	2	2	2	5
Claims	9	9	40	40
Liabilities/Provisions no longer required written back.	790	822	714	729
Exchange Gain on Translation of Financial Statements of Foreign Subsidiary & Joint Venture Company	–	–	–	–
Sundries	2,281	2,543	1,626	2,075
	<u>6,448</u>	<u>8,348</u>	<u>6,068</u>	<u>8,082</u>

CONSOLIDATED FINANCIAL STATEMENTS OF BALMER LAWRIE & CO. LIMITED  
Schedules forming part of the Profit & Loss Account for the year ended as at 31st March, 2011

SCHEDULE 13

GENERAL EXPENDITURE

As at 31/3/2010

	Consolidated with subsidiary and Joint Venture Companies		Consolidated with subsidiary and Joint Venture Companies	
	Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs	Consolidated with subsidiary ₹ Lakhs	Consolidated with subsidiary and Joint Venture Companies ₹ Lakhs
Salaries, Wages, Bonus, Pensions and Gratuity	10,277	13,655	9,969	13,161
Contribution to Provident and Other Funds	1,406	1,488	945	1,031
Workmen and Staff Welfare Expenses	1,364	1,677	891	1,212
Manufacturing Expenses	717	1,047	660	1,139
Excise Duty	239	246	154	160
Consumption of Stores and Spare Parts	491	1,615	422	1,501
Repairs and Maintenance				
Buildings	509	586	696	764
Plant & Machinery	237	436	168	409
Others.	357	529	259	401
Power and Fuel	1,829	3,050	1,562	2,668
Electricity and Gas	233	242	228	236
Rent	714	1,370	473	1,331
Insurance	106	186	89	208
Packing, Despatching, Freight and Shipping Charges	2,298	3,160	1,946	2,776
Rates and Taxes.	155	216	187	240
Interest	302	2,043	259	2,375
Auditor's Remuneration and Expenses	26	43	17	29
Bad Debts written off	163	559	158	170
Advances written off	9	9	13	17
Fixed Assets written off	94	94	17	17
Provisions for diminution in value of investments	–	–	1,165	–
Provision for Slow moving/Non moving Items	–	–	137	137
Provisions for Debts, Deposits, Loans and Advances considered Doubtful	374	876	222	232
Expenditure on VRS for current year	–	–	31	31
Loss on Disposal of Fixed Assets.	–	3	5	9
Selling commission - Others	298	488	347	495
Cash Discount	305	308	365	371
Bank Charges and Discount.	153	272	120	247
Travelling Expenses.	886	1,094	822	1,043
Printing and Stationery.	187	210	172	195
Motor Car Expenses.	94	148	70	128
Telephone, Telex, Postage, Cables and Telegrams.	285	346	254	322
Donations.	–	1	5	6
Exchange Loss	–	–	6	10
Amortisation of Deferred Revenue Expenditure	–	–	–	9
Miscellaneous, Expenses.	3,454	4,302	2,955	3,636
	27,597	40,334	25,789	36,716
Less : Provision for Debts, Deposits, Loans & Advances Considered doubtful, written back.	93	452	74	74
	27,504	39,882	25,715	36,642

**CONSOLIDATED FINANCIAL STATEMENTS OF BALMER LAWRIE & CO. LIMITED**  
Schedules forming part of the Profit & Loss Account for the year ended as at 31st March, 2011

## SCHEDULE 14

## ACCRETION (-) / DECRETION (+) TO INVENTORIES

As at 31/3/2010

	Consolidated with subsidiary and Joint Venture Companies		Consolidated with subsidiary and Joint Venture Companies	
	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
<b>Opening Balance.</b>				
Trading Goods.	-	-	-	-
Work-in-Progress	750	1,506	651	1,444
Finished Goods	3,121	4,063	2,690	3,326
	<u>3,871</u>	<u>5,569</u>	<u>3,341</u>	<u>4,770</u>
Less: Closing Balance				
Trading Goods	52	52	-	-
Work-in-Progress	734	1,437	750	1,526
Finished Goods	4,142	6,251	3,121	3,706
	<u>4,928</u>	<u>7,740</u>	<u>3,871</u>	<u>5,232</u>
	<u>(1,057)</u>	<u>(2,171)</u>	<u>(530)</u>	<u>(462)</u>

## SCHEDULE 15

## PRIOR PERIOD ADJUSTMENTS (NET)

## Income

## Sales

Manufactured Goods

## Other Income

## Expenses

General Expenditure

Depreciation

## Net Expenditure

	-	-	-	-
	-	-	-	-
	-	-	-	-
	14	101	7	2,340
	-	-	7	7
	<u>14</u>	<u>101</u>	<u>14</u>	<u>2,347</u>
	<u>14</u>	<u>101</u>	<u>14</u>	<u>2,347</u>

CONSOLIDATED FINANCIAL STATEMENTS

Notes on Accounts

Significant Accounting Policies

SCHEDULE 16

16.1 Disclosure of Interests in Subsidiary and Joint Venture Companies

Name of Subsidiary/ Joint Venture Company	Nature of Relationship	Proportion of Shareholding	Country of Incorporation
Balmer Lawrie (UK) Ltd.	Subsidiary	100%	United Kingdom
Balmer Lawrie (UAE) Llc.	Joint Venture	49%	United Arab Emirates
Balmer Lawrie - Van Leer Ltd.	Joint Venture	40%	India
Transafe Services Ltd.	Joint Venture	50%	India
Avi - Oil India Private Ltd.	Joint Venture	25%	India

Note: The accounting year of all the aforesaid companies is the financial year except for Balmer Lawrie (UAE) Llc which follows calendar year as the accounting year.

16.2 1,00,64,700 Equity Shares are held by Balmer Lawrie Investments Ltd. (Holding Company).

16.3 (a) Fixed Deposit with bank amounting to ₹ 1.37 Lakhs (₹ 2.12 Lakhs) are lodged with certain authorities as security.

(b) Conveyance deeds of certain land costing ₹ 1,733.57 Lakhs (₹ 1,770.94 Lakhs) and buildings, with written down value of ₹ 1,672.9 Lakhs (₹ 1,461.51 Lakhs) are pending registration / mutation.

(c) Certain buildings & sidings with written down value of ₹ 4,237.88 Lakhs (₹ 4,173.24 Lakhs) are situated on leasehold/rented land.

16.4 Contingent Liabilities as at 31st March, 2011 not provided for in the accounts are:

(a) Disputed demand for Excise Duty, Customs Duty, Income Tax, and Sales Tax amounting to ₹ 7,024.80 Lakhs (₹ 7,060.47 Lakhs) against which the Company has lodged appeal/petition before appropriate authorities.

(b) Claims against the company not acknowledged as debts amount to ₹ 710.47 Lakhs (₹ 735.55 Lakhs) in respect of which the Company has lodged appeals/petitions before appropriate authorities. In respect of employees/ex-employees related disputes financial effect is ascertainable on settlement; no settlement was reached during the year.

(c) Bills discounted with banks ₹ 108.85 Lakhs (₹ 169.30 Lakhs).

16.5 Counter guarantees given to various banks in respect of guarantees/loans given by them amount to ₹ 11,961.71 Lakhs (₹ 5,329.42 Lakhs).

16.6 Estimated amount of contract remaining to be executed on Capital Accounts and not provided for amounted to ₹ 1,540.13 Lakhs (₹ 1,782.92 Lakhs).

16.7 Segment Reporting

Information about business and geographical segment for the year ended 31st March, 2011 in respect of reportable segments as defined by the Institute of Chartered Accountants of India in the Accounting Standard – 17 in respect of “Segment Reporting” is attached as Annexure - A.

16.8 Earnings per Share

(i) Earnings per share of the company has been calculated considering the Profit after Taxation of ₹ 12,832.00 Lakhs (₹ 11,984.00 Lakhs) as the numerator.

(ii) The weighted average number of equity shares used as denominator is 1,62,86,081 (1,62,86,081).

(iii) The nominal value of shares is ₹ 1,628.61 Lakhs (₹ 1,628.61 Lakhs) and the earnings per share (Basic and Diluted) for the year on the above mentioned basis comes to ₹ 78.77 (₹ 73.60).

16.9 (a) Previous year's figures have been re-grouped or re-arranged wherever so required to make them comparable with current year figures.

(b) Figures in brackets relate to previous year.

SCHEDULE 17

1. Fixed Assets and Depreciation

a) Fixed Assets are valued at cost of acquisition inclusive of any other cost attributable to bringing the same to their working condition.

b) Fixed Assets manufactured/constructed in-house are valued at actual cost of raw materials, conversion cost and other related costs.

c) Cost of leasehold land is amortised over the period of lease.

d) Expenditure incurred during construction of capital projects including related pre-production expenses is treated as Capital Work-in-Progress and in case of transfer of the project to another body, the accounting is done on the basis of terms of transfer.

e) Fixed assets retired from active use and held for disposal are stated at the lower of book value and net realisable value and are shown separately in the financial statements. Loss determined, if any, is recognised in the profit and loss statement.

f) The company reviews the depreciation policies followed for various items of assets, its useful life and circumstances prevailing in the business so as to make a more appropriate preparation or presentation of the financial statements. Necessary adjustment is made in the depreciation charge for the assets, if any significant variation is noticed in the pattern of economic benefits embodied in the assets. Based on the above technical review, certain items of Electrical Installations and Equipment, Furniture and Fittings and Typewriter, Accounting Machine and Office Equipment are being depreciated at the rate of 15%, 20% and 20% respectively on straight line basis.

g) Depreciation is provided in accordance with the provisions of the Companies Act, 1956, prevailing from time to time at the straight line method except (i) for mobile phones at the rate of 50% per annum, (ii) for items given to employees under the furniture equipment scheme which has been provided at the rate of 25% per annum for computers and 15% per annum for other items and (iii) for assets whose actual cost does not exceed Rs. 5000, which has been depreciated fully in the year of addition of the asset, irrespective of the date of such addition.

h) Machinery Spares, which can be used only in connection with an item of fixed asset and whose use is expected to be irregular, are treated as fixed assets and depreciated over a period of five years (by charging depreciation @ 20% p.a. on straight line basis) or the residual life of the Principal asset, whichever is lower.

2. Valuation of Investments

The long term investments made by the company appear at cost inclusive of acquisition charges. Provision is made for diminution in value considering the nature and extent of permanent diminution. Current investments appear at lower of cost or fair value.

3. Valuation of Inventories

(i) Inventories are valued at lower of cost or net realisable value. For this purpose, the basis of ascertainment of cost of the different types of inventories is as under -

a) Raw materials & trading goods (other than tea), stores & spare parts and materials for turnkey projects on the basis of weighted average cost.

b) Work-in-progress on the basis of weighted average cost of raw materials and conversion cost upto the relative stage of completion.

c) Finished goods on the basis of weighted average cost of raw materials, conversion cost and other related costs.

d) Tea (unblended, blended and packed) - on the basis of specific cost.

(ii) Tools, dies, jigs and fixtures are written-off over the economic life except items costing upto ₹ 10000 which are charged off in the year of issue.

4. Recognition of Revenue

Revenue is recognised in compliance with the following :

a) In case of sale of goods :

When the property and all significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. Sales are stated exclusive of Sales Tax /VAT.

b) In case of services rendered:

When performance in full or part as having achieved is recognised by

the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from rendering the services. Income from Services are exclusive of Service Tax.

- c) In case of project activities:  
As per the percentage of completion method after progress of work to a reasonable extent.
- d) In case of other income:
- Interest - on a time proportion basis taking into account the outstanding principal and the relative rate of interest.
  - Dividend from investments in shares - on establishment of the Company's right to receive.
5. **Employee Benefits**
- Company's contributions to Provident Fund and Superannuation Fund are charged to Profit and Loss Account.
  - Employee benefits in respect of Gratuity, Leave Encashment, Long Service Awards and Leave Travel Assistance are charged to Profit & Loss Account on the basis of actuarial valuation made during the year.
  - Post retirement medical benefit is also recognised on the basis of actuarial valuation made during the year.
6. **Payments made under Voluntary Retirement / Separation Schemes**
- Compensation comprising of Ex - gratia , Notice-Pay and Rehabilitation Grant payable to employees separating under Voluntary Retirement / Separation Scheme till 31 March , 2005 is treated as Deferred Revenue Expenditure and is written off as per following instalments :-
    - Paid upto December, 1999 - Five equal yearly instalments:
    - Paid during January, 2000 to March, 2005 - Sixty equal monthly instalments.
  - Compensation under Voluntary Retirement / Separation Scheme with effect from 1st April, 2005 - Charged off in the same financial year.
7. **Treatment of Prior Period and Extraordinary Items**
- All prior period items which arise in the current period as a result of error or omission in the preparation of prior period's financial statement are separately disclosed in the current statement of profit & loss. However, differences in actual income/expenditure arising out of over or under estimation in prior period are not treated as prior period income/expenditure.
  - Income / Expenditure upto ₹ 10000 in each case pertaining to prior years is charged to the current year.
  - All extraordinary items, i.e., gains or losses which arise from events or transactions which are distinct from the ordinary activities of the Company and which are material are separately disclosed in the statement of accounts.
8. **Foreign Currency Translations**
- All transactions in foreign currency other than those specified below are converted at the exchange rate prevailing on the respective dates of transactions.
  - Monetary items denominated in a foreign currency (such as cash, balance in bank accounts, receivables, payables, etc ) are translated at the exchange rate prevailing on the date of Balance Sheet other than those covered with forward contract.
  - Non-monetary assets denominated in foreign currency such as Long Term Investment, Inventories and Fixed Assets are carried at cost except that the exchange differences relating to liabilities for acquisition of fixed assets are adjusted in the cost of the asset.
  - In case of foreign branch, translation of the financial statement is made on the following basis:
    - Revenue items except opening and closing inventories are converted at average rate. Opening and closing inventories are translated at the rate prevailing at the commencement and close respectively.
    - Fixed Assets and depreciation are converted at the exchange rate on the date of the transactions.
    - Other Current Assets and Current Liabilities are converted at the exchange rate as on the date of the Balance Sheet.
  - Any income or expense on account of exchange difference either on

settlement or on translation is recognised in the Profit & Loss Account except as stated above.

- f) Premium/discount arising at the inception of the forward exchange contracts entered into to hedge foreign currency risks are amortised as expense or income over the life of the contract. Exchange difference on such contracts are recognized in the Profit & Loss Account.

#### 9. **Accounting for Research & Development**

- Revenue Expenditure is shown under Primary Head of Accounts with the total of such expenditure being disclosed in the Notes.
- Capital expenditure relating to research & development is treated in the same way as other fixed assets.

#### 10. **Treatment of Grant/Subsidy**

- Revenue grant/subsidy in respect of research & development expenditure is set off against respective expenditure.
- Capital grant/subsidy against specific fixed assets is set off against the cost of those fixed assets.
- When grant/ subsidy is received as compensation for extra cost associated with the establishment of manufacturing units or cannot be related otherwise to any particular fixed assets the grant/subsidy so received is credited to capital reserve. On expiry of the stipulated period set out in the scheme of grant/subsidy the same is transferred from capital reserve to general reserve.

#### 11. **Accounting for Borrowing Cost**

Borrowing Costs that are directly attributable to the acquisition, construction or production of assets, which take substantial period of time to get ready for its intended use, are capitalised as part of the cost of those assets. Other Borrowing Costs are recognised as expense in the period in which they are incurred.

#### 12. **Impairment of Assets**

An assessment is made at each Balance Sheet date to determine whether there is an indication of impairment of the carrying amount of the fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on appropriate discount factor.

#### 13. **Cash Flow Statement**

Cash Flow Statement, as per Accounting Standard – 3 issued by The Institute of Chartered Accountants of India, is prepared using the Indirect Method.

#### 14. **Segment Reporting**

Segment Reporting is done as per Accounting Standard – 17 issued by The Institute of Chartered Accountants of India. The Company has identified business segment as its primary reporting segment with secondary information reported geographically.

#### 15. **Intangible Assets**

- Expenditure incurred for acquiring intangible assets like software of ₹ 5,00,000 and above and license to use software per item of ₹ 25000 and above, from which economic benefits will flow over a period of time, is amortised over the estimated useful life of the asset or five years , whichever is earlier, from the time the intangible asset starts providing the economic benefit.
- In other cases, the expenditure is charged to revenue in the year in which the expenditure is incurred.

#### 16. **Provisions, Contingent Liabilities and Capital Commitments**

- Provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.
- Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Company.
- Capital commitments and Contingent liabilities disclosed are in respect of items which exceed ₹ 1,00,000 in each case.
- Contingent liabilities are considered only on conversion of show cause notices issued by various Government authorities into demand.

As per our report attached

**For J. Gupta & Co.**  
Chartered Accountants  
Firm Registration No. 314010E

**S. P. Datta**  
Partner  
Membership No. 13852  
Kolkata, the 28th May , 2011

**S. K. Mukherjee**  
Managing Director

**M. P. Bezbaruah**  
**Asish K. Bhattacharyya**  
**VLVSS Subba Rao**  
**K. Subramanyan**

**P. K. Bora**  
**Abha Chaturvedi**  
**V. Sinha**  
**V. N. Sharma**  
*Directors*

**Amit Ghosh**  
*Secretary*

**Annexure - A (Note 16.7)**  
**Information about Business Segments for the Year Ended 31st. March 2011**

	₹/Lakhs											
	Industrial Packaging		Logistics Infrastructure & Services		Travel and Tours		Greases and Lubricants		Others		Consolidated Total	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>SEGMENT REVENUE</b>												
External Revenue	69399	65103	35796	33491	87398	60837	34150	29574	11210	11946	237954	200951
Inter-Segment Revenue	2062	1607	36	33	45	43	123	69	32	206	2298	1960
Total Segment Revenue	71461	66710	35832	33524	87443	60880	34273	29643	11242	12152	240252	202911
Less : Inter-Segment Revenue											2298	1960
Add : Other Unallocable Revenue											3192	3512
<b>TOTAL REVENUE</b>											241147	204463
<b>SEGMENT RESULT</b>												
Profit / (Loss) before Interest & tax	5830	5250	9199	8992	3549	2403	3178	3178	278	1562	22034	21385
Less : Interest Expense											2043	2374
Prior Period Adjustment											101	2347
Other Unallocable Expenditure (net of Unallocable Revenue)											1111	1341
<b>TOTAL PROFIT BEFORE TAX</b>											18779	15321
<b>OTHER INFORMATION</b>												
Segment Assets	39828	36420	17901	15083	16181	12005	17337	14324	20755	23764	112002	101595
Other Unallocable Assets											35630	34438
Total Assets	15856	11943	13194	12100	5606	4387	7810	6670	2796	4281	147632	136034
Segment Liabilities	1196	572	2346	2520	101	47	343	226	1092	777	45262	39380
Other Unallocable Liabilities	1264	1316	344	320	39	36	268	254	1233	1235	18354	16212
Total Liabilities											63616	55592
Capital Expenditure											5078	4142
Depreciation											3148	3160
Impairment loss on Fixed Assets												
Amortisation of Deferred Revenue Expenditure												

	Information About Geographical Segments for the Year Ended 31st. March 2011					
	Indian Operations		Overseas Operations		Consolidated - Total	
	2009-10 ₹/Lakhs	2010-11 ₹/Lakhs	2009-10 ₹/Lakhs	2010-11 ₹/Lakhs	2009-10 ₹/Lakhs	2010-11 ₹/Lakhs
SEGMENT EXTERNAL REVENUE	218095	180361	23050	24102	241146	204463
SEGMENT ASSETS	124315	115154	23317	20878	147632	136033
CAPITAL EXPENDITURE	4453	4098	624	43	5077	4142

**Notes :**

- Details of products / services included in each of the above Business Segments are given below :
  - Industrial Packaging - Barrels, Drums & Closures
  - Logistics Infrastructure & Services - Logistics Services & Logistics Infrastructure
  - Travel & Tours - Travel (Ticketing), Tours & Money Changing activities
  - Greases, Lubricating Oils & Aviation Lubricants - Greases, Lubricating Oils & Aviation Lubricants
  - Others - Engineering & Projects Services, Tea Blending & Packaging, Leather Chemicals, Operating Lease of Marine Freight Containers, etc.
- Segment Revenue, Expenses and Result include transfers between Business and Geographical Segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods and are eliminated in consolidation.
- Overseas operations under Geographical Segments represent Industrial Packaging activity in UAE.

**CONSOLIDATED FINANCIAL STATEMENTS OF BALMER LAWRIE & CO. LIMITED**  
**Consolidated Cash Flow statement for the year ended 31st March, 2011**

	Year ended March 31, 2011	Year ended March 31, 2010
(₹/lakhs)		
<b>A. Cash Flow from Operating Activities</b>		
<b>Net profit before Tax [Note]</b>	18602	14200
Adjustment for		
Depreciation and fixed assets written off	3228	3165
Foreign Exchange	520	(448)
Profit on sale of investment	(11)	-
Interest / Dividend	1167	1497
Investments written off / Provision for diminution in value	90	9
Provision of write down of inventories to net relisable value	(275)	(1022)
Deferred Revenue Expenditure ( charged off during the year)	-	9
<b>Operating Profit Before Working Capital Changes</b>	23321	17410
Trade and other receivables	(6742)	(4355)
Inventories	(4522)	6171
Trade Payables	6155	(3133)
Cash generated from operations	18212	16093
Direct Taxes paid	(5916)	(6374)
Interest paid	(76)	(545)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	12220	9174
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed assets	(6131)	(4587)
Sale of Fixed assets	568	3041
Purchase of Investments	(1391)	(1828)
Sale of Investments	22	2
Impact of increase in stake in JVC	-	(1316)
Interest received	61	108
Dividend received	730	775
<b>NET CASH FROM INVESTING ACTIVITIES</b>	(6141)	(3805)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	247	(1805)
Proceeds from other Borrowings	(89)	3073
Interest paid on Long Term Borrowings	(1988)	(1781)
Dividend paid	(4474)	(4191)
Corporate Tax on Dividend	(631)	(562)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	(6935)	(5266)
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS ( A+B+C )</b>	(856)	103
<b>CASH &amp; CASH EQUIVALENTS - OPENING BALANCE</b>	22454	22351
<b>CASH &amp; CASH EQUIVALENTS - CLOSING BALANCE</b>	21598	22454

## NOTE ON CASH FLOW STATEMENT

- 1 The above Cash Flow Statement has been prepared under "Indirect Method" set out in Accounting Standard - 3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

- 2 Net Profit after Tax as per Profit & Loss Account  
 Add : Tax Provision (Net)

Less : Profit / (Loss) on Disposal of Fixed Assets (Net)  
 Net Profit before Tax

	2010-11	2009-10
	12832	11984
	5947	3349
	18779	15333
	177	1133
	18602	14200

As per our report attached  
**For J. Gupta & Co.**  
 Chartered Accountants  
 Firm Registration No. 314010E

**S. P. Datta**  
 Partner  
 Membership No. 13852  
 Kolkata, the 28th May, 2011

**S. K. Mukherjee**  
 Managing Director

**M. P. Bezbaruah**  
**Asish K. Bhattacharyya**  
**VLVSS Subba Rao**  
**K. Subramanyan**

Directors

**P. K. Bora**  
**Abha Chaturvedi**  
**V. Sinha**  
**V. N. Sharma**

**Amit Ghosh**  
 Secretary

**OFFICE & PLANT LOCATIONS**

**REGISTERED OFFICE**

21 Netaji Subhas Road, Kolkata-700 001  
 Phone: (033) 22225218  
 Fax: (033) 22225678  
 Website: www.balmerlawrie.com

**INDUSTRIAL PACKAGING**

<b>Mumbai</b>	<b>Plant &amp; SBU Office</b>	149, Jackeria Bander Road Sewree(W), Mumbai-400015 Phone: 009122-24171489 Fax: 009122-24137448
<b>New Delhi</b>	<b>Sales Office</b>	Amba Deep Building, (20th Floor) 14 Kasturba Gandhi Marg New Delhi-110 001 Phone: 009111 23738346/23325344 Fax: 009111 23328344/23316933
<b>Silvassa</b>	<b>Plant</b>	23/1/1, Khadoli, Silvassa-396 230 Phone: 0091 260 2699064/65, 3254564 Fax: 0091 260 2699046
<b>Chennai</b>	<b>Sales Office</b>	32, Sattangadu Village Thiruvottiyur - Manali Road Manali, Chennai-600 068 Phone: 0091 44 25941438 Fax: 0091 44 25941157/25943653
<b>Kolkata</b>	<b>T&amp;PD</b>	Container Division P-4/1, Oil Installation Road, Kolkata-700 088 Phone: 0091 33 24393808 Fax: 0091 33 24393793
<b>Asaoti</b>	<b>Plant</b>	Village Piyala, Post Asaoti Faridabad, Haryana-121 102 Phone: 009112 92205073 Fax: 009112 92215090
<b>Baroda</b>	<b>Marketing Office</b>	G, 5-9 Stop-N-Shop Plaza, Near Afftel Tower, R. C. Dutt Road, Alkapuri, Baroda-390 007 Phone: 0091 0265-2325459 Fax: 0091 0265-2314835
<b>Chittoor</b>		62, Patnam (Village & Post) Thavanan Palli, Nandal, Chittoor (OT) Pin- 517 131 Phone: 08573-281077 Fax: 08573-281088

**GREASES & LUBRICANTS**

<b>Chennai</b>	<b>Plant</b>	32, Sattangadu Village Manali, Chennai-600 068 Phone: (044) 25941551/25946500 Fax: (044) 25941436
<b>Kolkata</b>	<b>Plant</b>	P-43, Hide Road Extension Kolkata-700 088 Phone: (033) 24395769/24393448 Fax (033) 24392277
<b>Silvassa</b>	<b>Plant</b>	Survey No. 201/L, Sayli Rakholi Road, Silvassa-396 230 (UT of D & N. H) Phone: (0260) 2680026 Fax: (0260) 2641315
<b>Sewree</b>	<b>Plant</b>	149, Jackeria Bander Road, Sewree (W), Mumbai-400 015 Phone: (022) 21432421/22/23 Fax: (022) 24146274
<b>Taloja</b>	<b>Plant</b>	G-15/16/17, MIDC, Taloja Dist. Raigad-410 208, Maharashtra
<b>Kolkata</b>	<b>ARL</b>	P-43, Hide Road Extension Kolkata-700 088 (W.B.) Phone: 033-24395405, 24395406 Fax: 033-24395764

<b>Kolkata</b>	<b>Marketing Office</b>	P-43, Hide Road Extension Kolkata-700 088 (W.B.) Phone: 033-24392653/24505404 Fax: 033-24392277/24395160
<b>Sewree</b>	<b>Marketing Office</b>	149, Jakeria Bander Road, Sewree, Mumbai-400 015 Phone: 022 24130544 Fax: 022 24146274
<b>New Delhi</b>	<b>Marketing Office</b>	Ambadeep Building, 11th Floor, 14, Kasturba Gandhi Marg, New Delhi-110 001 Phone: 011 23351477, 0370 Fax: 011 23316933, 23756685
<b>Secunderabad</b>	<b>Marketing Office</b>	141/2, Rashtrapati Road Secunderabad-500 003 Phone: 040 27537365/3926 Fax: 040 27537365
<b>Vadodara</b>	<b>Marketing Office</b>	G-5-9 Stop-N-Shop Plaza R. C. Dutt Road, Alkapuri, Baroda-390 007 Phone: 0265 2337608, 2327473 Fax: 0265 2327473
<b>Pune</b>	<b>Marketing Office</b>	16 & 17, 'C' Wing, Sreenath Plaza Dnyaneshwar Paduka Chowk Fergusson College Crossing Pune - 400 005
<b>Bengaluru</b>	<b>Marketing Office</b>	S-1868, 1st H Main, 2nd Stage D, Block, Rajajinagar Bengaluru-560 010 Phone/Fax: 080 2342721 0
<b>Raipur</b>	<b>Marketing Office</b>	Room No. 206, 2nd Floor, Arihant Complex Station Road, Raipur (CG) 492 001 Phone/Fax: 0771 4044739
<b>Chennai</b>	<b>Marketing Office</b>	628, Anna Salai Tenyampet, Chennai-600 018 Phone: 044-24302503/504 Fax: 044-24332386/24331847

**TRAVEL & TOURS**

<b>New Delhi</b>	<b>Branch &amp; SBU Office</b>	Ground Floor, Core - 8 Scope Complex, 7, Lodhi Road New Delhi-11 0 003 Phone: 009111 24867702 Fax: 009111 24363421, 24321525
<b>New Delhi</b>	<b>Branch Office</b>	E-15, 1st Floor, HauzKhas Main Market, New Delhi-110 016 Phone: 9810728464, 26854258/46094240 Fax: 01126854255
<b>New Delhi</b>	<b>Branch</b>	Amba Deep Building, 11th Floor 14, Kasturba Gandhi Marg, New Delhi-110 001 Phone: 0091 11 23765156 Mob: 9818960374
<b>New Delhi</b>	<b>Branch Office</b>	Core 8, Scope Complex, Ground Floor 7, Lodhi Road, New Delhi-110 003 Phone: 0091 11 24367702/42462201-09, 24365906 Fax: 0091 11 24363421/24321525 Email: malik.s@balmerlawrie.com
<b>Lucknow</b>	<b>Branch Office</b>	302, 3rd Floor, Sriram Towers Ashok Marg Near Hazrat Ganj Lucknow-226 001 Phone: 0091 522 2286189, 2288361/62/63 Mob: 9935090101 Fax: 0091 522 2288364 Email: khare.m@balmerlawrie.com

<b>Baroda</b>	<b>Branch Office</b>	5-9, Stop-N-Shop Plaza R.C. Dutt Road, Aikapuri, Baroda-391 007 Phone: 0265-2353775, 2340196, 2340514, 2364267 Mob: 9898014721 Fax: 0265-2314835 Email: charan.ps@balmerlarie.com	<b>Kanpur</b>	<b>Branch Office</b>	Shop No. 8, HAL Marketing Complex G. T. Road, Nr. Rama Devi Chouraha, Kanpur-208 008 Phone: (0512) 2400181/2452206/3272107/108 E-mail: khare.m_knu@rediffmail.com
<b>Ahmedabad</b>	<b>Branch Office</b>	Suyog Complex (2nd Floor) Drive-in-Road, Ahmedabad-380 052 Phone: 0091 79 27497509/12, 27437572, 27467927, 66522185, 66522186 Mob: 9898014721 Fax: 0091 79 27492952 Email: charan.ps@balmerlarie.com	<b>Chandigarh</b>	<b>Branch Office</b>	SCO-53, (First Floor) Sector-47C, Chandigarh Phone: 0091 0172 2630752/ Mob: 9041404038 Fax: 00910172 2630775 Email: blchandigarh2009@gmail.com
<b>Bengaluru</b>	<b>Branch Office</b>	1, Ground Floor, Batra Centre 27 & 27/1, Alsoor Road Bangalore-560 042 Phone: 0091 80 25321804/1533/1534/1655 1535, 25581004/6/7/8, 25328381 (D) Mob: 9845399994, 9591100996 Fax: 0091 80 25580090 Email: fernandez.cm @balmerlawrie.com	<b>Dehradun</b>	<b>Branch Office</b>	NCR Plaza, 1st Floor, Cant. Road, Dela Ram Chowk, Dehradun-248 001 Phone: 0091 098 2793043/2740344
<b>Thiruvananthapuram</b>	<b>Branch Office</b>	TC 15/50(3) New TC 30/96 Vellayambalam, Thiruvananthapuram-695 010 Phone: 0091 471 2314980/4981/5205/5301 3723931, 2315027/4998 Mob: 9895050931 Fax: 0091 471 2315201 Email: a.ramakrishnan@balmerlawrie.com	<b>Bokaro</b>	<b>Branch Office</b>	Old TA Building, Room No. 14 & 15 Sec-1, Near S.P. Office, Bokaro Steel City Bokaro-827 001 Phone: 0091 06542 222051 Mob: 9939329162 Fax: 0091 06542 221545
<b>Hyderabad</b>	<b>Branch Office</b>	302 Regency House, 680 Samajiguda Hyderabad - 500 482 Phone: 0091 40-23414553/2830/9603, 23407707/0642/3067/0840 Mob: 7702059000 Fax: 0091 40-23406399 Email: nair.sr@balmerlawrie.com	<b>Visakhapatnam</b>	<b>Branch Office</b>	28-21-1 (S1), Classic Complex, Dabagardens, Visakhapatnam-534 020 Phone: 0091 0891 2591125 Fax: 0091 0891 2569305
<b>Mumbai</b>	<b>Branch Office</b>	5, J. N. Heredia Marg Ballard Estate, Mumbai-400 038 Phone: 0091 22 66361111-114/1177,1235-138 22651569/5821/5357/22625305 Mob: 9867028564 Fax: 0091 22 66361110 Email: ghosh.rathin@balmerlawrie.com neralkar.m@balmerlawrie.com	<b>Varanasi</b>	<b>Branch Office</b>	Room No. 55, Hotel India Patel Nagar Cantt. Varanasi-221 002 (UP) Phone: 0930 7121037/38
<b>Chennai</b>	<b>Branch Office</b>	Balmer Lawrie House 628, Anna Salai, Teynampet Chennai-600 018 Phone: 0091 44-24349593, 24302411/12 13/14/15/16/17/18/22/23/24/25, 24349593 Mob: 9600031241 Fax: 0091 44-24342579 Email: prabhakar.m@balmerlawrie.com	<b>Cochin</b>	<b>Branch</b>	Rukiya Bagh, 2nd Floor, Ravi Puram M.G. Road, Cochin-682 016 Phone: 0091 0484 2360080/070 Fax: 0091 0484 2360060
<b>Kolkata</b>	<b>Branch Office</b>	21, Netaji Subhas Road Kolkata-700 001 Phone: 0091 33 22225211/13/16/23/52 22134786, Mob: 9831005977 Fax: 0091 33 22225262 Email: nath.sk@balmerlawrie.com	<b>LOGISTICS SERVICES</b>		
<b>Bhubaneswar</b>	<b>Branch Office</b>	108/B Janpath Unit III, 2nd Floor Bhubaneswar-751 001 Phone: 0091 674 2536225/178/154 Mob: 9937017287 Fax: 0091 674 2536186 Email: singh.arvind@balmerlawrie.com	<b>Kolkata</b>	<b>Branch &amp; SBU Office</b>	21, Netaji Subhas Road Kolkata-700 001 Phone: 0091 33 22134658, 22225456 Fax: 0091 33 22225282
<b>Pune</b>	<b>Branch Office</b>	16 & 17, C-Wing, Shrinath Plaza, 1st Floor Danyaneshwar Paduka Chowk Fergusson College Road, Pune-411 005 Phone: 0091 020 25514330/31/32/33	<b>Mumbai</b>	<b>Branch Office</b>	101,102,103 ASCOT Centre Next to Le Meridien Hotel D. P. Road, Andheri(E), Mumbai-400 099 Phone: 0091 22 28266707/8249 Fax: 0091 22 28364311
			<b>New Delhi</b>	<b>Branch Office</b>	32-33 Kushal Bazar, (Ground Floor) Nehru Place, New Delhi-110 019 Phone: 0091 11 26467565, 26441390 Fax: 0091 11 26467383
			<b>Bengaluru</b>	<b>Branch Office</b>	No.342 Konena Agrahara Airport Exit Road, HAL Post Bangalore-560 017 Phone: 0091 80 25227221/8769 Fax: 0091 80 25227231
			<b>Chennai</b>	<b>Branch Office</b>	Balmer Lawrie House 628 Anna Salai, Teynampet Chennai-600 018 Phone: 0091 44 24302450 Fax: 0091 44 24348066
			<b>Hyderabad</b>	<b>Branch Office</b>	301 Regency House 680 Samajiguda, Hyderabad -500 082 Phone: 0091 40-23415272 Fax: 0091 40-23400958
			<b>Ahmedabad</b>	<b>Branch Office</b>	Suyog Complex (2nd Floor) Near Kamala Kamdhenu Hall Drive-in-Road, Ahmedabad-380 052 Phone: 0091 79 27498971/27447185 Fax: 0091 79 27492952

<b>Kochi</b>	<b>Branch Office</b>	2nd Floor, Door No. 39/4108, Rukiya Bagh Bldg., M. G. Road Ravipuram, Kochi-682 016 Phone: 0091 484 2358024/23 Fax: 0091 484 2358026	<b>Kanpur</b>	<b>Tech. Service Centre</b>	14A, 150 Feet Road, Jajmau, 1st Floor Kanpur-208 010 Phone: 0091 5122462501
<b>Coimbatore</b>	<b>Branch Office</b>	5/245 Thadagam Main Road Kanuvai, Coimbatore-641108 Phone: 0091 422 2405527 Fax: 0091 422 2405510	<b>Ranipet</b>	<b>Tech. Service Centre</b>	NO.18, 2nd Floor, Othawadai Street Navalpur, Ranipet-632 402, Vellore District Phone: 0091 41 72273408
<b>Karur</b>	<b>Branch Office</b>	No 42,1 st Floor, Periyar Nagar CG Apartment Road, Karur-639 002 Phone: 0091 4324 232025	<b>Kolkala</b>	<b>Tech. Service Centre</b>	Zone-1, Plot no. 63A (near CETP) Calcutta Leather Complex, 24 Prgs (South) West Bengal-743502 Phone: 0091 09903009703/09727
<b>Lucknow</b>	<b>Branch Office</b>	302 Shriram Tower, 13 Ashok Marg, Lucknow-226 001 Phone: 0091 522 2288361-3 Fax: 0091 522 2288364	<b>Ambur</b>	<b>Tech. Service Centre</b>	C/o, Zubaida Tanning Industries No. 4/172, Gudiyatham Road Thuthipet, Ambur-635 802 Phone: 0091 4174 244468
<b>Pune</b>	<b>Branch Office</b>	10, Aditya Shagun Mall, Bavadhan Khurd NDA-Pashan Road, Pune-411 021 Phone/Fax: 0091 20 54731573	<b>Vaniyambadi</b>	<b>TSC</b>	1/188, Cutchery Road, Extension Valayampattu Village Vaniyambadi-635 751, Vellore District Phone: 0091 4174 233006
<b>Thiruvananthapuram</b>	<b>Branch Office</b>	TC 34/1307 (2) Motherland Buildings Airport-Valiyathura Road Thiruvananthapuram-695 008 Phone: 0091 471 2503713, 2506483 Fax: 0091 471 2503694	<b>TEA</b>		
<b>Tuticorin</b>	<b>Branch Office</b>	4B/A-28, 1st Floor, Mangal Mall Mani Nagar, Palayamkotai Road Tuticorin-628 003 Phone: 0091 461 2320803 Fax: 0091 461 2322887	<b>Kolkata</b>	<b>Plant &amp; SBU Office</b>	P-43 Hide Road Extension Kolkata-700 088 Phone: 033 24505555/24396071/24505551 Fax: 033 24392704 Email : ccutea@balmenlawrie.com
<b>Visakhapatnam</b>	<b>Branch Office</b>	Flat No. 28-21-1 (S-1), II Floor, Classic Complex Prakashrao Pet, Dabagardens, Vlsakhapatnam-530 029 Phone: 0091 891 2564922,7693	<b>Kolkata</b>	<b>Sales Outlet</b>	21, Netaji Subhas Road, Kolkata-700 001 Phone: 0091 33 22225229
<b>Gwalior</b>	<b>Branch Office</b>	FL-163 Deen Dayal Nagar Gwalior (MP) Phone: (M) 096304 37077 E-mail: srivastave.16@rediffmail.com	<b>LOGISTICS INFRASTRUCTURE</b>		
<b>Mangalore</b>	<b>Branch Office</b>	NO.8-1, 1st floor, Ramabhavan Complex Kodialbail, Mangalore 575 012 Phone: 0091 8242411868	<b>Kolkata</b>	<b>SBU Office</b>	21 Netaji Subhas Road, Kolkata-700 001 Phone: 033 22225556 Fax: 033 22225728
<b>LEATHER CHEMICAL DIVISION</b>			<b>Kolkata</b>	<b>CFS WSD</b>	P-3/1 Transport Depot Road Kolkata-700 088 Phone: 0091 33 24492729 Fax: 0091 33 24498355
<b>Chennai</b>	<b>Plant &amp; SBU Office</b>	32, Sattangadu Village, Thiruvottiyur Manali Road, Manali, Chennai-600 068 Phone: 0091 44-25941547 Fax: 0091 44-25945006	<b>Mumbai</b>	<b>CFS</b>	Plot no. 1, Sector 7, Dronagiri Node Opp JNPT.Navi, Mumbai-400 707 Phone: 0091 22 27471042 Fax: 0091 22 27472943
<b>Delhi</b>	<b>Sales Office</b>	Kanchan Jangha Apartment 18A, F Block, Sector 53, Noida-201 301, UP. Phone: 0091 1202586755	<b>Chennai</b>	<b>CFS</b>	32, Sattangadu Village, Thiruvottiyur Manali Road, Manali, Chennai-600 068 Phone: 0091 44 25943653 Fax: 0091 44 25941863
<b>Chennai</b>	<b>PDC</b>	32, Sattangadu Village, Thiruvottiyur Manali Road Manali, Chennai-600 068 Phone: 0091 44-22384034/7242 Fax: 0091 44 22384034	<b>Coimbatore</b>	<b>Warehouse</b>	Warehousing and Distribution 5/245 thadagam Main Road, Kanuvai Coimbatore-641 108 Phone: 0091 422 2400342
<b>Chennai</b>	<b>Tech. Service Centre</b>	No.18,1st Floor, Thiruneermalai Road Nagalkeni, Chennai-600 044 Phone: 0091 44 22384034/22387242 Fax : 0091 4422384034	<b>REFINERY &amp; OILFIELD SERVICES</b>		
			<b>Kolkata</b>	<b>SBU Office</b>	21 Nelaji Subhas Road, Kolkata-700 001 Phone: 0091 33 22225610/22134674 Fax: 0091 33 5444/5333

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