

# Balmer Lawrie Investments Ltd.

(A Government of India Enterprise)

<b>Board of Directors</b>	: S. K. Bandyopadhyay, <i>Chairman</i> Atul Kaushik Suchindra Misra Dr. S. Banerjee C. C. Unnikrishnan
<b>Audit Committee</b>	: Dr. S. Banerjee, <i>Chairman</i> C. C. Unnikrishnan Suchindra Misra
<b>Investors' Grievance Committee</b>	: S. K. Bandyopadhyay, <i>Chairman</i> Suchindra Misra Dr. S. Banerjee C. C. Unnikrishnan
<b>Company Secretary</b>	: P. K. Ghosh
<b>Banker</b>	: State Bank of India
<b>Auditors</b>	: M/s. T. K. Ghosh & Co.
<b>Internal Auditors</b>	: M/s. Prasanta Ghosh & Co.
<b>Registrar &amp; Share Transfer Agent</b>	: M/s. C B Management Services (P) Limited
<b>Registered Office</b>	: 21, Netaji Subhas Road, Kolkata - 700 001

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## **Notice to the Members**

**NOTICE** is hereby given that the 7<sup>th</sup> Annual General Meeting of the Members of Balmer Lawrie Investments Limited will be held at Ghanshyam Das Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata – 700 019 on Friday 26<sup>th</sup> September, 2008 at 2.30 p.m. to transact the following :

### **ORDINARY BUSINESS :**

1. To receive and adopt the audited Profit & Loss Account for the financial year ended 31<sup>st</sup> March 2008 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 confirm interim dividend and declare final dividend.
3. To appoint a Director in place of Shri S K Bandyopadhyay, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Shri C C Unnikrishnan, who retires by rotation and being eligible offers himself for re-appointment.

5. 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 2008-09, by the said Auditors.”

Registered Office :

21 Netaji Subhas Road

Kolkata - 700 001

Date : 27<sup>th</sup> August 2008

On behalf of the Board

P. K. Ghosh

*Company Secretary*

### **NOTES :**

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- In terms of the Listing Agreement with the Stock Exchanges, the relevant details of the Directors, retiring by rotation and seeking re-appointment under item no. 3 & 4, are annexed.
- Proxies, in order to be effective, must be received at the Registered Office, not less than 48 hours before the Meeting.
- The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 19<sup>th</sup> September 2008 to Friday, 26<sup>th</sup> September 2008 (both days inclusive).
- In terms of Sections 224(8)(aa) and 619 of the Companies Act, 1956, in case of a Government Company, the Comptroller and Auditor General of India though shall appoint the Auditors but the remuneration, shall be fixed by the Company in the General Meeting. Thus item no. 5, under the Ordinary Business has been inserted as an Ordinary Resolution.
- The Board of Directors at its meeting held on 30<sup>th</sup> January 2008 had declared an interim dividend of 30% on the paid-up equity share capital of the Company. Members who have not received or not encashed their dividend warrant may kindly contact CB Management Services (P) Limited, Registrar & Share Transfer Agent ('RSTA') of the Company, for their unpaid/unclaimed dividend. Final Dividend of 15% on the paid-up equity share capital of the Company, recommended by the Board of Directors of the Company at its meeting held on 27<sup>th</sup> June 2008, if approved at this 7<sup>th</sup> Annual General Meeting, will be paid to the concerned shareholders, on or around 10<sup>th</sup> October 2008.
- Pursuant to Section 205C of the Companies Act, 1956, the dividend amount which remains unpaid/unclaimed for a period of seven years, are required to be transferred to Investor Education & Protection Fund. After such transfer, there remains no claim of the shareholders, whatsoever on the said amount. Therefore the shareholders are requested to take steps to en-cash their un-claimed dividend.
- Shri S K Bandyopadhyay & Shri C C Unnikrishnan are to retire at this 7<sup>th</sup> Annual General Meeting and being eligible have offered themselves for re-appointment.

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9. Members are requested to :
- i. Notify on or before 17<sup>th</sup> September 2008 the following to CB Management Services (P) Limited, at P-22, Bondel Road, Kolkata – 700 019, the RSTA of the Company :
    - 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 their communications addressed either to the Company/or to the RSTA.
  - iii. Bring their copies of Annual Report and show Attendance Slip/Entry Pass at the entrance of the venue of the Meeting. Annual Report will not be distributed at the venue of the Meeting.
  - iv. Submit their Electronic Clearing Services (ECS) mandates, to enable the Company to pay dividend through ECS. Members holding shares in physical form are requested to send their ECS mandate to CB Management Services (P) Limited, on or before 17<sup>th</sup> September 2008. Those holding shares in electronic form are requested to send their ECS mandates directly to their Depository Participant (DP). Those who have already furnished their ECS Mandates with complete details are not required to furnish unless there is a change in bank details.
  - v. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote at the meeting, on their behalf.

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### Details of the Directors proposed to be re-appointed at the 7th Annual General Meeting, scheduled on 26<sup>th</sup> September 2008

<b>Name of the Director</b>	S. K. Bandyopadhyay	C. C. Unnikrishnan
<b>Date of birth</b>	4 <sup>th</sup> October 1948	21 <sup>st</sup> June 1942
<b>Date of appointment</b>	20 <sup>th</sup> December 2001	29 <sup>th</sup> December 2005
<b>Qualification</b>	Bachelor in Arts	Bachelor in Science and Education
<b>Expertise in specific functional area</b>	Administration and General Management matters	Administration, Budgetary Planning and General Management matters

## Directors' Report

### To the Members,

Your Directors have the pleasure in presenting their 7th Annual Report together with the audited Balance Sheet and Profit & Loss Account for the financial year ended 31<sup>st</sup> March 2008.

### Financial Results

	(Rs. in lakhs)	Year ended on 31 <sup>st</sup> March
	2008	2007
Surplus for the year before Finance charge, Depreciation & Tax	<b>1424.86</b>	940.72
Deduct there-from :		
Finance charge & Depreciation	—	—
Provision for Taxation	<b>28.10</b>	12.00
Net Profit	<b>1396.76</b>	928.72
Add-transfer from Profit & Loss Account	<b>94.40</b>	71.98
Amount available for Appropriation	<b>1491.15</b>	1000.70
Appropriations :		
Interim Dividend @ 30%, i.e., Rs. 3.00 per Equity share of Rs. 10/- each fully paid-up (Previous year @ 10%, i.e., Re. 1.00 per Equity share of Rs. 10/- each fully paid-up)	<b>665.92</b>	221.97
Proposed Final dividend @ 15%, i.e., Rs. 1.50 per Equity share of Rs. 10/- each fully paid-up [Previous year @ 18%, i.e., Rs. 1.80 per Equity share of Rs. 10/- each fully paid-up.]	<b>332.96</b>	399.55
Corporate Tax on Dividend	<b>113.17</b>	99.03
Transfer to Reserve Fund	<b>279.36</b>	185.75
Surplus carried forward to the next year	<b>99.74</b>	94.40

### Dividend

Your Company, since its inception and leaving apart the first financial year, 2001-02, has been consistent in its dividend payout with the sole objective of rewarding the shareholders with cash dividend.

Your Company has changed its dividend policy by considering more payout as interim as compared to the final, for providing early cash dividend to the shareholders.

Your Company, accordingly, has distributed maximum dividend payable for the financial year 2007-08, as interim, which was to the tune of 30% as compared to the interim dividend of 10%, paid for the financial year 2006-07.

Your Directors are now pleased to recommend, for declaration, a final dividend of Rs. 1.50 (Rupee One and paise fifty only) per Equity share of Rs. 10/- each fully paid-up, i.e., 15%, for the financial year ended 31<sup>st</sup> March 2008, as against dividend of Rs. 1.80 (Rupee One and paise eighty only) per Equity share of Rs. 10/- each, fully paid-up, i.e., 18% for the financial year ended 31<sup>st</sup> March 2007.

If, the recommended dividend of 15% is declared at the forthcoming Annual General Meeting, then the dividend will be paid to those, who are members of the Company as on the date of the commencement of the Book closing period, i.e., on 19<sup>th</sup> September 2008. 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.

### Deposits with Banks

Your Company is a Non-banking Financial Company ('NBFC') under Section 45-I(f) of the Reserve Bank of India, Act, 1934 and is exempted by the Reserve Bank of India from the provisions of compulsory registration with the said authority and requirement of minimum net owned funds, as required to be followed by other NBFCs'. The Reserve Bank of India, while granting such exemption has prohibited your Company in carrying out any sort of non-banking business. Dividend received from its subsidiary, Balmer Lawrie & Co. Ltd., is the only major income of your Company. Estimated surplus money instead of keeping in the current account is deployed in the Short Term Fixed Deposit Schemes of the Banks. As of 31<sup>st</sup> March 2008, the total amount of deployment in the Fixed Deposit Schemes of the Banks stood at Rs. 11.35 crore. Your Company during the financial year ended 31<sup>st</sup> March 2008, out of such deployment in Fixed Deposit earned to the tune of Rs. 102.72 lakhs, as against Rs. 70.50 lakhs earned for the financial year ended 31<sup>st</sup> March 2007.

### Management Discussion and Analysis Report

Your Company is not engaged in any other business activity, except, to hold the Equity shares of its subsidiary, 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 subsidiaries, namely, Balmer Lawrie & Co. Ltd. ('BL') and Balmer Lawrie (UK) Ltd. ('BLUK'). Your Company is the holding company of BL by virtue of its shareholding to the tune of 61.8% in the paid-up equity

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share capital of the latter. BL in turn at present has one foreign subsidiary, namely BLUK, which in turn under Section 4(1)(c) of the Act, is also the subsidiary company of your Company.

It is understood that BL has obtained exemption from the Ministry of Corporate Affairs from attachment of Annual Accounts and Reports of its foreign subsidiary along with its joint venture companies. 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 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.

In case of any further information about the foreign subsidiary company, BLUK, we will cater to the request, if requisitioned by our members.

## 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 respect of whom the statement under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is applicable.

## 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 2008 and confirm that :

- (i) in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2008, 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 2008 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 ;
- (iv) that the Directors have prepared the Accounts for the financial year ended 31<sup>st</sup> March 2008, on a 'Going Concern basis'.

## Consolidated Financial Statement

The Equity shareholding of your Company in its subsidiary, Balmer Lawrie & Co. Ltd. ('BL'), is intended to be temporary in nature. Therefore the Consolidated Financial Statement of your Company with BL, and the group companies of BL, i.e., BL's subsidiary and joint venture Companies, which in turn also falls under the group companies of your Company, has not been drawn in terms of paragraph 11(a) of the Accounting Standard-21, issued by the Institute of Chartered Accountants of India ('ICAI').

In terms of the Accounting Standards 21 and 27 issued by ICAI read with Clause 32 of the Listing Agreement with the Stock Exchanges, BL has consolidated its financial statement with that of its subsidiary and joint venture companies, which was duly audited by their 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 were listed with the Stock Exchanges, in the year-end 2002 & early 2003. Since the days of initial listing, your Company was consistently abiding with 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 being furnished in **Annexure A**.

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 B**.

## Directors

Shri S. K. Bandyopadhyay (serving the Board since 20<sup>th</sup> December 2001), a nominee to the Government of India was last re-appointed at the 5<sup>th</sup> Annual General Meeting of your Company held on 21<sup>st</sup> September 2006.

Dr. S. Banerjee and Shri C. C. Unnikrishnan, the two independent Directors on the Board of the Company, were appointed Additional Directors by the Board on 29<sup>th</sup> December 2005. Out of two, i.e., Dr. Banerjee and Shri Unnikrishnan, Dr. Banerjee, was determined by lot and was subject to retirement by rotation, at the 6<sup>th</sup> Annual General Meeting of your Company held on 25<sup>th</sup> September 2007 and was subsequently re-appointed by the shareholders in the said Annual General Meeting.

The balance two non-executive Directors, namely, Shri Atul Kaushik and Shri Suchindra Misra, who both are nominees to the Government of India, were appointed Additional Directors on the Board of your Company on 12<sup>th</sup> April 2007 and subsequently as retiring Directors by the shareholders at the 6<sup>th</sup> Annual General Meeting of your Company held on 25<sup>th</sup> September 2007.

You would therefore appreciate that all the present five Directors of your Company are retiring Directors and out of which two, namely, Shri S. K. Bandyopadhyay & Shri C. C. Unnikrishnan will be subject to retirement by rotation at the ensuing 7<sup>th</sup> Annual

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General Meeting of your Company. Both, i.e., Shri S. K. Bandyopadhyay & Shri C. C. Unnikrishnan being eligible, offers themselves for re-appointment at the ensuing 7<sup>th</sup> Annual General Meeting of your Company

### **Auditors**

In terms of Section 617 of the Companies Act, 1956, your Company is a Government Company and the power to appoint the Statutory Auditors, is exercised by the Comptroller and Auditor General of India ('CAG').

In terms of Sections 224(8)(aa) and 619 of the Companies Act, 1956, the privilege of determining/fixing remuneration payable to such Statutory Auditors, has been vested with the members.

Therefore the shareholders are requested to exercise their right and vest the power to the Board to determine the amount of remuneration payable to the Statutory Auditors of your Company in commensurate with the volume of work involved in conducting audit of Annual Accounts for the financial year 2008-09.

Thus this item has been included under Ordinary Business in the notice convening the 7<sup>th</sup> Annual General Meeting of your Company.

The Statutory Auditors were appointment for specific periods after which a new Audit firm is appointed to take up the audit assignment. We have received a letter dated 31<sup>st</sup> July 2008 from the Office of the CAG thereby appointing Messrs. J. Gupta & Co., Chartered Accountants, the Statutory Auditors, with immediate effect.

In respect of the financial year 2006-07, the appointment was in favour of Messrs. T. K. Ghose & Co. You may recall that based of your granting of authority at the 6<sup>th</sup> Annual General Meeting the Board after receiving recommendation of the Audit Committee, has fixed a remuneration of Rs. 15,000 (Rupees Fifteen thousand only) payable to the Statuary Auditors, for the audit assignment of the Annual Accounts for the financial year 2007-08, which was exclusive of Service Tax and out-of-pocket expenses, if incurred, by the Statutory Auditors on behalf of your Company.

### **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 2008, does not have any reservation, qualification or adverse remark. Further, the Comptroller and Auditor General of India ('CAG') have decided not to review such report of the Statutory Auditors and as such have no comments upon or has any, supplement to the Report of the Statutory Auditors under Section 619(4) of the Companies Act, 1956. Reports of the Statutory Auditors and the CAG are annexed hereto.

### **Appreciation**

Your Directors wish to place on record their appreciation for the continued guidance and support extended by the Ministry of Petroleum & Natural Gas & the Department of Disinvestment of the Ministry of Finance 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

S. K. Bandyopadhyay, *Chairman*  
Suchindra Misra  
21, Netaji Subhas Road,  
Kolkata - 700 001.  
Date : 27<sup>th</sup> August 2008

Dr. S. Banerjee  
C. C. Unnikrishnan  
*Directors*

### Corporate Governance Report

**"Corporate governance deals with the ways in which suppliers of finances to corporations assure themselves of getting return on their investment."**

- Abstract from the Article on 'A Survey of Corporate Governance' by Andrei Schleifer of Harvard University and Robert W Vishny of the University of Chicago.

**"Corporate Governance is about promoting corporate fairness, transparency and accountability"**

- J. Wolfensohn, former President of the World Bank as quoted in its Article before 'The Financial Times' on June 21<sup>st</sup> 1999.

Corporate governance is the set of process, customs, policies, laws and institutions, affecting the way a corporation is directed administered or controlled. Corporate governance also includes the relationships between various stakeholders and the goal for which the corporation, is governed. The principal stakeholders are the shareholders, management and the Board of Directors. Other stakeholders include employees, suppliers, customers, banks and other lenders, regulators, the environment and the community at large.

There has been renewed interest in corporate governance practices of modern corporations since 2001 particularly due to high profile collapses of a large number of US firms such as Enron Corporations and WorldCom.

In a Board culture of Corporate Governance business author Gabrielle O'Donovan defines corporate governance as an 'internal system encompassing policies, processes and people, which serve the need of shareholders and other stakeholders by directing and controlling management activities with good business savvy, objectivity and integrity.

In India, the management has accepted the inalienable rights of the shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders.

Key elements of good corporate governance principles, include, honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect and commitment to the organization.

In April 1998, CII has formed a code of Corporate Governance. This was followed with the recommendation of the Kumar Mangalam Birla Committee on Corporate Governance, which took shape in the form of guidelines and got its place in clause 49 of the listing agreement of the Stock Exchanges.

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.

The framework of your Company's Corporate Governance policy is based on the following principles :

- Constitution of a Board of Directors of appropriate composition, size, varied expertise and commitment to discharge their responsibilities and duties.
- Ensuring timely flow of information to the Board and its Committees to enable them discharge their functions effectively.
- Independent verification and safeguarding integrity of the Company's financial reporting.

- A sound system of internal control.
- Timely and balanced disclosure of all material information concerning the Company to all stakeholders.
- Transparency and accountability.
- Compliance with applicable Rules and Regulations.
- Fair and equitable treatment of all its shareholders and investors.

### Board of Directors ('the Board')

In line with the Corporate Governance Guidelines, as envisaged under Clause 49 of the Listing Agreement of the Stock Exchanges, 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

Your Company has an appropriate mix of independent and non-independent Directors to maintain independence of the Board. Out of five, two are independent and the Chairman is non-executive. All the non-executive Directors (apart from the independent Directors) are nominees of the promoter, i.e., Government of India.

On the date of this Report, the Board of your Company consists of the following Directors :

- I. Non executive Government Nominee Directors
  - a. Shri S. K. Bandyopadhyay, Chairman
  - b. Shri Suchindra Misra,
  - c. Shri Atul Kaushik
- II. Independent Directors
  - a. Dr. S. Banerjee,
  - b. Shri C. C. Unnikrishnan

### Equity shareholding

Your Company does not have the criterion of having qualification shares by its Directors.

At the time of formation of the Company, to meet the requirement of minimum number of shareholders, a small part of the Government shareholding to the tune of sixty equity shares were allotted to six individuals (officers of the government department) as nominees to the Government of India.

At present out of five Directors, only one holds Equity shares in the Company. Details thereof are given hereunder :-

Name of the Director	No. of Equity shares held
Shri S. K. Bandyopadhyay	10

### Remuneration Policy

Out of the five non-executive Directors three are nominees of the Government of India and none of them receives any remuneration including sitting fees for attending the meetings of the Board or any Board Sub-Committees. The independent directors being non-official part-time Directors are only entitled to receive sitting fees for attending each meeting of the Board and/or Board Sub-Committees.

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### Other Directorship & Committee positions

Name of the Directors	Directorship in companies other than your Company	Board positions held	Board Sub-Committee held
Shri S. K. Bandyopadhyay	5	i) Director ii) Director iii) Director iv) Director v) Director	i) Nil ii) Nil iii) Nil iv) Nil v) Nil
Shri Suchindra Misra	Nil	- N.A. -	- N.A. -
Shri Atul Kaushik	Nil	- N.A. -	- N.A. -
Dr. S. Banerjee	Nil	- N.A. -	- N.A. -
Shri C. C. Unnikrishnan	Nil	- N.A. -	- N.A. -

Thus it is evident that none of the Directors on the Board of your Company is a member in more than 10 Committees or a Chairman in more than five Committees across all the companies, in which he is a Director. All the Directors have made their requisite disclosure to your Company regarding Committee position occupied by them in other companies.

### Meetings & Attendance of the Directors at the Board Meetings held during July 2007 to July 2008

In terms of the Corporate Governance Guidelines, the Board has met more than the statutory minimum of four times in a year.

Since the date of the last reporting, the Board met six times during the period from 1<sup>st</sup> July 2007 to 31<sup>st</sup> July 2008—

Details of the meetings held alongwith the Board strength and numbers of Board members present in the respective meetings, are given hereunder :

Sl. No.	Date	Total Board Strength	No. of Directors' Present
1	30th July 2007	5	3
2	24th September 2007	5	4
3	30th October 2007	5	5
4	30th January 2008	5	4
5	27th June 2008	5	4
6	30th July 2008	5	2

Attendance of the Directors at the Board meetings held during the period from 1<sup>st</sup> July 2007 to 31<sup>st</sup> July 2008 and at the 6<sup>th</sup> Annual General Meeting held in the year 2007 are given hereunder :-

Name of the Directors	Board Meetings						Annual General Meeting 25 September 2007
	30 July 2008	27 June 2008	30 January 2008	30 October 2007	24 September 2007	30 July 2007	
Shri S. K. Bandyopadhyay	Yes	Yes	No	Yes	Yes	No	Yes
Shri Suchindra Misra	No	Yes	Yes	Yes	No	No	No
Shri Atul Kaushik	No	No	Yes	Yes	Yes	Yes	Yes
Dr. S. Banerjee	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shri C. C. Unnikrishnan	No	Yes	Yes	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 Sub-Committees.

The items, which are normally placed before the Board –

1. Financial Statements, whether quarterly or annual ;
2. Statutory Auditors Report ;
3. Internal Audit Report ;
4. Comptroller & Auditors General of India's Comments ;

5. Status of legal compliance ;
6. Recommendations of the Board Sub-Committees, if any ;
7. Terms of reference of the Board Sub-Committees ;
8. Reports of the Secretarial Auditors &
9. Policy and Procedure pertaining to deployment of funds and its subsequent amendments ;

Effective post meeting follow-up takes place backed by review and reporting process of the action taken/pending.

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## Code of Conduct of the Board members and Senior Management :

The Board laid down the Code of Conduct for its Directors and Senior Management of your Company on 22<sup>nd</sup> December 2005. All the Directors and the Company Secretary (being the only member in the senior management team) of your Company for the 12 months period ended 31<sup>st</sup> March 2008, has given their individual declaration on compliance of the referred Code of Conduct to the Board. Since the Company does not have any Chief Executive Officer, the Chairman, Shri S. K. Bandyopadhyay, to that effect has given a declaration, which is being furnished in the Annexure I, to this Report.

## Board Sub-Committees

Currently, your Company has three Board Sub-Committees. The Board determined the terms and reference of all the three Board Sub-Committees at the time of their formation. Thereafter no alteration took place in any of the terms and reference. Matters requiring attention/approval of the Board are placed in the form of recommendation/note signed by all the Committee members, who were present in the concerned meeting. The role and the composition of these Committees including the number of meeting held and the related attendance are produced below :

## Audit Committee

The Audit Committee of your Company was constituted on 23<sup>rd</sup> September 2002 with terms of reference covering most of the aspects stipulated by 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 with the Stock Exchanges.

The role of the 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 of statutory audit fee payable to the Statutory Auditors;
- d. Fixation of other fees payable to the Statutory Auditors;
- e. Recommendation on the appointment and removal of the Internal Auditors;
- f. Recommendation of 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 reports;
- k. Considering other matters as may be required by the Board &
- l. Such other role as may be covered under the listing agreement of the Stock Exchanges.

## Composition

Presently, the Committee consists of 3 Board members out of which two are independent and one is non-executive.

As on the date of this Report, the composition of the Committee is given hereunder :

Names of the Members	Whether Executive/ Non-executive/ Independent	Position held
Dr. S. Banerjee	Independent	Chairman
Shri C. C. Unnikrishnan	Independent	Member
Shri Suchindra Misra	Non-executive – Government nominee	Member

All the members of the Audit Committee are financially literate and have expertise in finance and general management matters. Dr. Banerjee, the Chairman of the Audit Committee, is a Bachelor in Law, Masters in Economics, Masters in Business Administration (England) and Doctorate in Commerce and Business Administration. He has an excellent experience covering around 38 years in the Govt. of India. He is an expert in the areas of accounts and finance. Currently he is into the profession of management consultant. Shri C. C. Unnikrishnan, the other independent member in the Audit Committee is a Bachelor in Science and Education. Shri Unnikrishnan has served for several years in the field of administration, budgetary planning and general management matters in the Government of India. Shri Suchindra Misra, the only Government nominee Director in the Audit Committee is a B.Sc. (Hons), PGDM (Financial Management) and has expertise in Accounting, Audit & Finance. The Company Secretary of your Company, Shri P. K. Ghosh, acts as the Secretary of the Committee.

## Meetings & Attendance

The Committee has satisfied the statutory minimum requirement of meeting at least four times in a year.

Since the date of the last reporting, the Committee met five times during the period from 1<sup>st</sup> July 2007 to 31<sup>st</sup> July 2008. Details of the meetings held alongwith Committee strength and numbers of Committee members present in the respective meetings are given hereunder :

Sl. No.	Date	Total Committee Strength	No. of Members' Present
1	30th July 2007	3	2
2	30th October 2007	3	3
3	30th January 2008	3	3
4	27th June 2008	3	3
5	30th July 2008	3	2

Attendance of the Committee members at the Audit Committee meetings held during 1<sup>st</sup> July 2007 to 31<sup>st</sup> July 2008, are produced below :-

Name of the Committee Members	Audit Committee Meetings				
	30 July 2008	27 June 2008	30 January 2008	30 October 2007	30 July 2007
Dr. S. Banerjee	Yes	Yes	Yes	Yes	Yes
Shri C. C. Unnikrishnan	No	Yes	Yes	Yes	Yes
Shri Suchindra Misra	Yes	Yes	Yes	Yes	No

## Balmer Lawrie Investments Limited

### Investors' Grievance Committee

Investors' Grievance Committee was constituted on 29<sup>th</sup> July 2003. It is formed to oversee the redressal of the shareholders and the investors' grievances in a periodic manner. The Board determined the terms and reference of the Committee, at the time of the formation of the Committee. Thereafter till the date of this reporting, there was no alteration of any of the terms and references, as were early determined by the Board.

### Composition

The Investors Grievance Committee presently comprises four Board members, out of which two are independent. The Chairman of the Committee is a non-executive Board member.

The names of the Board members, who are in the Committee and the position held by them, are given hereunder :

Names of the Members	Position held
Shri S. K. Bandyopadhyay	Chairman
Shri Suchindra Misra	Member
Shri C. C. Unnikrishnan	Member
Dr. S. Banerjee	Member

### Meetings & Attendance

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

Since the date of the last reporting, the Committee met five times, during the period from 1<sup>st</sup> July 2007 to 31<sup>st</sup> July 2008.

Venue, time and details of Special resolution passed in the last three AGM's of the Company are given hereunder :

Year	Nature of the General Meeting	Venue	Date & Time	Details of the Special Resolution passed
2005	4th Annual General Meeting	G. D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata - 700 019	23 <sup>rd</sup> September 2005 at 2.30 p.m.	De-listing of Equity shares from the 4 (Four) Stock Exchanges, namely, Ahmedabad, Madras, Delhi & Gauhati.
2006	5th Annual General Meeting	G. D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata - 700 019	21 <sup>st</sup> September 2006 at 2.30 p.m.	Keeping of the Register and Index of Members, Annual Return and other related documents at the office of the Registrar & Share Transfer Agent, C B Management Services (P) Ltd.
2007	6th Annual General Meeting	G. D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata - 700 019	25 <sup>th</sup> September 2007 at 2.30 p.m.	Nil

### Disclosures :

During the financial year ended 31<sup>st</sup> March 2008, this is to disclose that—

- (a) Apart from transactions with its subsidiary, Balmer Lawrie & Co. Ltd. ('BL'), which have been categorically

Details of the meetings held alongwith the Committee strength and the numbers of members present in the respective meetings, are given hereunder :

Sl. No.	Date	Total Committee Strength	No. of Members' Present
1	30th July 2007	4	2
2	30th October 2007	4	4
3	30th January 2008	4	3
4	27th June 2008	4	4
5	30th July 2008	4	2

### Committee of Directors, for Share Transfer, Transmission, etc.

The Committee of Directors for Share transfer, transmission, etc., oversees activities connected with physical shares and approves transfer, transmission, subdivision/consolidation of shares, issue of duplicate share certificates in lieu of lost, misplaced, torn and defaced share certificates and re-materialization of shares. At present the Committee consists of two Board members, namely, Shri S. K. Bandyopadhyay and Shri Suchindra Misra. The Company Secretary, being the Compliance Officer, oversees the share related activities of the Registrar & Share Transfer Agent (RSTA) and is responsible for monitoring the Share registration process and report to the Committee on a weekly basis along with the recommendation/supporting documents furnished by the RSTA.

### General Body Meetings

The shareholders of the Company generally meet, once in a year at the Annual General Meeting (AGM), to consider and approve such items, which requires their approval.

AGM's are normally held at Kolkata, being the city where the registered office of the Company is situated. Notice along with the Agenda is sent to all the shareholders along with the Annual Accounts and the Report of the Directors and Auditors' thereon within the statutory time-limit.

mentioned under Clause 4(ii) of Schedule 9 to the Notes on the Annual Accounts, there have been no other materially 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

# Balmer Lawrie Investments Limited

and laid, in accordance with the Accounting Standard (AS)-18, of the Institute of Chartered Accountants of India ('ICAI').

- (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 on the Company by the Stock Exchanges or SEBI or any other statutory authorities during the financial year under review.
- (c) There was no substantial default in the payments to the Shareholders and Creditors of the Company.
- (d) The Company has not accepted any deposits from the Public.
- (e) The Company has filed all the returns, documents and forms with the Registrar of Companies, West Bengal, as required under various provisions of the Companies Act, 1956.
- (f) Secretarial Audit was carried out on quarterly basis by a firm of Practicing Company Secretary for reconciling the total admitted capital held with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total issued and listed equity capital of the Company. 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 shares held in dematerialized form (i.e., with NSDL and CDSL).
- (g) The Company has adopted since 22<sup>nd</sup> December 2005, a Code of Conduct for the Board members and the Senior Management of the Company.
- (h) Other than Shri S. K. Bandyopadhyay, none of the Directors are holding any Equity share in the Company. Further, the Equity shares held by Shri Bandyopadhyay are as a nominee to the Promoter, i.e., Government of India.
- (i) The Company has no functional directors. None of the Directors of the Company receives any remuneration from the Company. The independent Directors of the Company only receive sitting fees for attending the Board & Board Sub-Committee meetings. The Company at the present scenario does not require having a 'Remuneration Committee'.
- (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 Communication :

The quarterly results (un-audited) were announced within a month from the end of each quarter, except the last quarter, i.e., 31<sup>st</sup> March 2008, where the Company has exercised the option (as permitted under Clause 41 of the Listing Agreement) of announcing the audited financial results for whole of the financial year (i.e., from 1<sup>st</sup> April 2007 till 31<sup>st</sup> March 2008), within three months from the end of the financial year.

Such financial results, whether quarterly or annual, were published in 'The Financial Express' (English), 'Aajkal' (Bengali) and 'Janasatta' (Hindi), immediately on the next day succeeding the Board meeting date, where-in such results were considered and approved.

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 & Code of Conduct for the Board members and Senior Management of the Company. These information are updated on a regularly basis.

## Shareholders' Information

### AGM Details

Details of the 7<sup>th</sup> Annual General Meeting of the Company—

Date & Time	Friday, 26 <sup>th</sup> September 2008 at 2.30 p.m.
Venue	Ghanshyam Das Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata – 700 019
Book Closer Dates	Friday 19 <sup>th</sup> September 2008 to Friday 26 <sup>th</sup> September 2008 (both days inclusive)

## Financial Calendar

Sl. No.	Events/Particulars	Held/Dates for consideration by the Audit Committee & the Board
1	Annual General Meeting	26 <sup>th</sup> September 2008 (since scheduled)
2	First quarterly results	30 <sup>th</sup> July 2008 (since held)
3	Second quarterly results	October 2008
4	Third quarterly results	January 2009
5	Annual results	June 2009

## Share Transfer procedure :

As already briefed under the 'Committee of Directors for Share transfer, etc.', the authority relating to physical share transfer, transmission, subdivision/consolidation of shares, issue of duplicate share certificate in lieu of lost, misplaced, torn and defaced share certificates and re-materialization etc., have been delegated to the 'Committee of Directors for share transfer, transmission, etc.', which at present consist of two non-executive Directors, namely, Shri S. K. Bandyopadhyay & Shri Suchindra Misra. All request for share transfer, transmission, etc., are approved by such Committee at its meeting, which are normally held twice a week. Shri P. K. Ghosh, Company Secretary, is the Compliance Officer under Clause 47 of the Listing Agreement of the Stock Exchanges. There are no share transfers pending as on 31<sup>st</sup> March 2008. 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 by the Company Secretary-in practice.

## Balmer Lawrie Investments Limited

### Registrar & Share Transfer Agent

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

### Listing of Equity Shares on the Stock Exchanges

The Company is presently listed on the two recognized Stock Exchanges in the Country. Details of the Stock Exchanges along with Stock Code are given below

Stock Exchanges	Stock Code
The Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Kolkata - 700 001 Website : <a href="http://www.cse-india.com">www.cse-india.com</a>	12638
Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Website : <a href="http://www.bseindia.com">www.bseindia.com</a>	532485

The listing fee for the current financial year 2008-09 has been paid to the Stock Exchanges.

The Equity shares of your Company were actively traded in Bombay Stock Exchange Ltd.

### Dematerialisation of Shares and Liquidity

The Equity shares of your Company are to be traded in dematerialized mode. The Equity shares are available for trading in both the Depository systems in India- NSDL and CDSL.

As on 30<sup>th</sup> June 2008, the distribution of Equity Shares held in physical and dematerialisation mode, are produced below :

	Nos. of Equity shares	% to the total paid-up capital
Physical	11,82,698	5.33
Demat		
i. National Securities Depository Limited	52,53,284	71.01
ii. Central depository Services (India) Limited	1,57,61,287	23.66
	2,21,97,269	100.00

The ISIN number allotted to the Company is INE 525F01017.

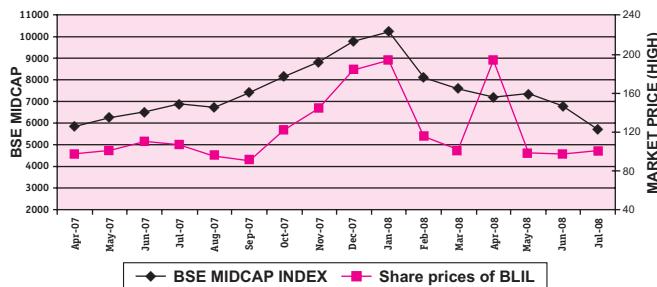
The Company, for the financial year 2008-09, has paid the annual custody fee to both the Depositories, NSDL & CDSL.

### Monthly High and Low quotes on Bombay Stock Exchange Ltd. ('BSE')

- During the period from 1<sup>st</sup> July 2007 to 31<sup>th</sup> July 2008

Month (2007)	High (Rs.)	Low (Rs.)	Month (2008)	High (Rs.)	Low (Rs.)
July	106.95	88.55	January	193.45	90.00
August	95.00	83.80	February	115.00	95.05
September	91.25	80.00	March	101.90	71.50
October	122.00	90.00	April	193.45	71.50
November	144.90	105.05	May	98.40	83.25
December	184.00	119.00	June	97.50	78.00
			July	101.00	80.00

### Comparative Analysis of the BSE MIDCAP Index & Market prices (monthly high) of the Equity shares of the Company, as quoted on the BSE



### Categories of Shareholders as on 30<sup>th</sup> June 2008

Category	Total no. Of Equity shares	% Of the total Equity holding
Promoter & its Associates : President of India (including its nominees)	1,32,46,098	59.67
Foreign National/NRI	1,26,584	0.57
Indian Financial Institution, Mutual Fund & Banks	34,857	0.16
Insurance Companies	18,46,251	8.32
Foreign Institutional Investors	44,092	0.20
Bodies Corporate : Domestic Companies	27,74,652	12.50
Foreign Companies	0	0.00
Others	41,24,735	18.58
Total	2,21,97,269	100.00

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

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

## Balmer Lawrie Investments Limited

The amount of dividend paid for the last six financial years including the last financial year (2007-08) and the corresponding amount lying in the unpaid dividend account as on 31<sup>st</sup> March 2008, are given hereunder—

Pertaining to the financial year/ Date on which, dividend declared	% & Total amount of Dividend (in Rs.)	Date of transfer to the unpaid dividend account	Amount of unclaimed dividend as on 31 March 2008 (in Rs.)	% Of unclaimed dividend to the total dividend	Due date of transfer to the "Investors' Education and Protection Fund"
2002-2003 24 September 2003	66,59,181.00 3%	30 October 2003	87,188.30	1.31	30 October 2010
2003-2004 24 September 2004	1,77,57,815.00 8%	30 October 2004	2,21,081.40	1.24	30 October 2011
2004-2005 23 September 2005	2,21,97,269.00 10%	29 October 2005	2,83,384.00	1.28	29 October 2012
2005-06 21 September 2006	3,77,35,357.00 17%	27 October 2006	4,83,360.50	1.28	27 October 2013
2006-07 – Interim 31 January 2007	2,21,97,269.00 10%	8 March 2007	2,82,818.00	1.27	7 March 2014
2006-07 25 September 2007	3,99,55,084.20 18%	31 October 2007	5,21,890.20	1.31	31 October 2014
2007-08 – Interim 30 January 2008	6,65,91,807.00 30%	8 March 2008	12,13,179.00	1.82	8 March 2015

### Dividend through Electronic Clearing Systems (ECS)

In terms of the circular issued by Securities and Exchange Board of India (circular no. DCC/FITT/CIR-3/2001 dated 15<sup>th</sup> October 2001) the Company pays dividend in both the modes, i.e., by way of physical warrant and through ECS mode.

Your Directors for the last financial year ended on 31<sup>st</sup> March 2008, has recommended a final dividend @ 15%, (Rs. 1.50p. per equity share of Rs. 10/-, each fully paid up) in addition to interim dividend of 30% (Rs. 3.00 per Equity share of Rs. 10/-, each fully paid-up).

If the above-mentioned dividend is declared at the ensuing Annual General Meeting of the Company, then the Shareholders can avail the facility of receiving dividend through ECS, provided :

- if they are located at any of the below mentioned Reserve Bank of India's location :
- Mumbai, Delhi, Kolkata, Chennai, Ahmedabad, Hyderabad, Bangalore, Bhubaneshwar, Gawahati, Jaipur, Kanpur, Trivandrum, Nagpur, Chandigarh & Patna ;
- the ECS mandate (in the format as attached with this report) is submitted latest by 17<sup>th</sup> September 2008 at the following address :

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

### Address for Correspondences

All communications relating to shares matters may be addressed to –  
Either –

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

Or –

### The Company Secretary

Balmer Lawrie Investments Limited,  
21, Netaji Subhas Road,  
Kolkata – 700 001

### 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 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 2008, 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, your Company receives all sorts of services in the nature of Accounts, Finance, Taxation, Administration etc. from Balmer Lawrie & Co. Limited. Since the responsibility has been laid on the reporting Company therefore under this situation the requisite certification was obtained from the Chairman of the Board and the Chairman of the Audit Committee of your Company.

The referred certificate given by Shri S. K. Bandyopadhyay, Chairman of the Board and Dr. S. Banerjee, Chairman of the Audit Committee is being furnished in **Annexure II**.

## Balmer Lawrie Investments Limited

### Annexure – I

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

I, S. K. Bandyopadhyay, Chairman of the Board, to the best of my knowledge and belief would like to declare that all the Board members and the Company Secretary (only member of the Senior Management team) during the twelve months period ended 31<sup>st</sup> March 2008 have complied with the Code of Conduct which was laid down by the Board on 22<sup>nd</sup> December 2005.

Date : 30<sup>th</sup> July 2008  
New Delhi

S. K. Bandyopadhyay  
Chairman – Board

### Annexure – II

#### **Certification by the Chairman of the Board and Chairman of the Audit Committee to the Board**

We, S. K. Bandyopadhyay, Chairman of the Board and Dr. S. Banerjee, Chairman of the Audit Committee, jointly have reviewed the financial statements for the year ended 31<sup>st</sup> March 2008 and to the best of our knowledge and belief certify that :-

- (a) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading ;
- (b) These statements give a true and fair view of the state of affairs of the Company and are in confirmatory of the existing Accounting Standards, applicable laws and regulations ;
- (c) There was no transaction entered into by the Company which were fraudulent, illegal or violative to the Code of the Conduct of the Company.

We further confirm that establishment and maintenance of the internal control system for financial reporting have been evaluated and discussed with the Statutory Auditors. In case, if any corrective action needs to be taken then the Audit Committee and the Board both shall be appraised.

We both confirm that during the financial year if any of the following situations, occur, then it shall be reported to the Statutory Auditors and the Audit Committee :-

- (a) Significant changes in internal control over financial reporting ;
- (b) Significant changes in accounting policies ;
- (c) Instances of significant fraud, which we have become aware of, and which involve management or other employees who have significant role in the internal control system over financial reporting.

However, during the year under review there were no such changes or instances.

Date : 27<sup>th</sup> June 2008 S. K. Bandyopadhyay Dr. S. Banerjee  
New Delhi Chairman – Board Chairman –  
Audit Committee

# Balmer Lawrie Investments Limited

## Annexure 'B' to the Directors' Report

### Auditors' Certificate on Corporate Governance To the Members of Balmer Lawrie Investments Limited

We have examined the compliance of conditions of Corporate Governance by Balmer Lawrie Investments Ltd., for the financial year ended 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination 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 of 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 Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that no investor grievance is pending for a period exceeding one month against the Company, as per records maintained by the Company.

We further 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 and on behalf of

T. K. Ghosh & Co.  
*Chartered Accountants*

A. K. Mitra  
*Partner*

Kolkata

29th July 2008

Membership No. : 4706

## Balmer Lawrie Investments Limited

### Auditor's Report to the Members of Balmer Lawrie Investments Limited

We have audited the attached Balance Sheet of Balmer Lawrie Investments Limited as at 31st March 2008 the related Profit & Loss Account for the year ended on that date and 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 audit.

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 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. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Govt. 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 :

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 amounts 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 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 31st March, 2008 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.

For T. K. GHOSE & CO.  
*Chartered Accounts*

6, Kiron Sankar Roy Road  
Kolkata - 700 001  
Date : 27th June, 2008

A. K. MITRA  
*Partner*  
Membership No. 4706

# Balmer Lawrie Investments Limited

## Annexure to the Auditor's Report dated 27th June, 2008

1. a) The Company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As informed, there was no company, firm or other party to be listed in the register referred to in Section 301 of the said Act.  
b) The Company has not taken any loan from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. As informed, there was no company, firm or other party to be listed in the Register referred to the section 301 of the said Act.
2. In our opinion and according to the explanations given to us there is an adequate internal control procedure commensurate with the size of the Company.
3. As informed, there was no Company firm or Other party to be listed in the Register referred to in section 301 of the Companies Act., 1956 and hence, there has been no transaction of purchase or sale of goods, materials and services made in pursuance of contracts or arrangements with any such party.
4. The Company has not accepted any deposits from the public and consequently the provisions of Section 58A 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 the nature of its business.
6. a) According to the record of the Company, Provident Fund, Investor Education and Protection Fund, Employees' state Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax, cess and other statutory dues (to the extent applicable) have generally been regularly deposited during the year with the appropriate authorities.  
b) According to the information and explanation given to us, there were no undisputed amounts payable in respect of Provident Fund, Investors Education and Protection Fund, Employees' State Insurance Tax, Income Tax, Wealth Tax, Excise Duty, Sales Tax, Customs Duty, Service Tax, cess and other statutory dues which have remained outstanding as at 31st March 2008 for a period of more than six months from date they become payable.  
c) According to the information and explanations given to us, there were no disputed dues in respect of, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other statutory dues as at 31st March 2008.
7. In our opinion and according to the information and explanations given to us during the course of audit, the company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
8. In our opinion and according to the information and explanations given to us during the course of audit, the Company has not granted loan and advances on the basis of pledge of shares, debentures and other securities.
9. The company is not carrying on the business of a chit fund and is also not a nidhi/mutual benefit fund/society.
10. Though the Company is 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.
11. In our opinion and according to the information and explanations given to us during the course of audit, the Company has not given any guarantee for loans taken by other from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
12. The company has not made any preferential allotment of shares to parties covered in the Register maintained under section 301 of the Companies Act, 1956. As informed, there was no Company, Firm or Other Party to be listed in the Register referred to in Section 301 of the said Act.
13. The Company has not raised funds by way of issue of Debentures.
14. The Company has not raised any money during the year by public issue of shares.
15. According to the information and explanations given to us during the course of audit, no fraud on or by the company has been noticed or reported during the year.
16. No other clause of the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Govt., is applicable.

For T. K. GHOSE & CO.  
Chartered Accounts

6, Kiron Sankar Roy Road  
Kolkata - 700 001  
Date : 27th June, 2008

A. K. MITRA  
Partner  
Membership No. 4706

## Balmer Lawrie Investments Limited

### **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 2008.**

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The preparation of financial statements of Balmer Lawrie Investments Limited, Kolkata for the year ended 31 March 2008 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 27 June 2008.

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 2008 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

A. Roychoudhury  
Principal Director of Commercial Audit  
& Ex-Officio Member, Audit Board - I,  
Kolkata

Place : Kolkata  
Date : 18 July 2008

# Balmer Lawrie Investments Limited

## Balance Sheet as at 31st March, 2008

Schedules			As at 31st March 07	
		Rs.	Rs.	Rs.
<b>Sources of Funds</b>				
Shareholders' Funds				
Share Capital	1	<b>22,19,72,690</b>	22,19,72,690	
Reserves and Surplus	2	<b>18,79,59,761</b>	<u>15,94,88,898</u>	<u>38,14,61,588</u>
		<b>40,99,32,451</b>	<u>40,99,32,451</u>	<u>38,14,61,588</u>
<b>Application of Funds</b>				
Investments	3	<b>32,67,77,030</b>	32,67,77,030	
Net Current Assets				
Current Assets, Loans and Advances				
Cash and Bank Balances	4	<b>11,68,76,095</b>	9,96,14,581	
Loans and Advances	5	<b>32,13,929</b>	<u>31,97,625</u>	<u>10,28,12,206</u>
		<b>12,00,90,024</b>	<u>12,00,90,024</u>	<u>10,28,12,206</u>
Less : Current Liabilities and Provisions	6			
Current Liabilities				
Provisions				
		<b>36,38,700</b>	20,09,356	
		<b>3,32,95,903</b>	<u>4,61,18,292</u>	<u>4,81,27,648</u>
		<b>3,69,34,603</b>	<u>3,69,34,603</u>	<u>5,46,84,558</u>
Net Current Assets		<b>8,31,55,421</b>	<u>8,31,55,421</u>	<u>38,14,61,588</u>
		<b>40,99,32,451</b>	<u>40,99,32,451</u>	<u>38,14,61,588</u>
Notes on Accounts	9			
Significant Accounting Policies	10			

*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 T. K. GHOSE & CO  
*Chartered Accountants*

A. K. MITRA  
*Partner*  
Membership No. 4706  
New Delhi, 27th June 2008

S. K. Bandyopadhyay  
*Chairman*

S. Misra  
Dr. S. Banerjee  
C. C. Unnikrishnan  
*Directors*

P. K. Ghosh  
*Secretary*

# Balmer Lawrie Investments Limited

## Profit and Loss Account for the quarter ended 31st March, 2008

Schedules		As at 31st March 2007
	Rs.	Rs.
<b>Income</b>		
Other Income	7	14,61,87,402
		9,76,56,427
<b>Expenditure</b>		
General Expenditure	8	37,01,552
		35,84,061
Profit before taxation		14,24,85,850
		9,40,72,366
Provision for Taxation - Current		28,10,000
		12,00,000
Provision for Taxation - Deferred		—
		—
Profit after taxation		13,96,75,850
		9,28,72,366
Balance Brought Forward		94,39,558
		71,98,079
Available for Appropriation		14,91,15,408
		10,00,70,445
Interim Dividend		6,65,91,807
		2,21,97,269
Proposed Final Dividend		3,32,95,903
		3,99,55,084
Corporate Tax on Dividend		1,13,17,278
		99,03,534
Transfer to Reserve Fund		2,79,36,000
		1,85,75,000
Balance Carried Forward		99,74,420
		94,39,558
Earning Per Share (Rs.)		6.29
[Basic & Diluted]		4.18
<b>Notes on Accounts</b>	9	
<b>Significant Accounting Policies</b>	10	

*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 T. K. GHOSE & CO  
*Chartered Accountants*

S. K. Bandyopadhyay  
*Chairman*

A. K. MITRA  
*Partner*  
Membership No. 4706  
New Delhi, 27th June 2008

S. Misra  
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C. C. Unnikrishnan  
*Directors*

P. K. Ghosh  
*Secretary*

# Balmer Lawrie Investments Limited

## Schedules forming part of the Balance Sheet as at 31st March, 2008

		As at 31st March 2007	Rs.
<b>SCHEDULE 1</b>	<b>SHARE CAPITAL</b>		
<b>Authorised</b>			
2,50,00,000	Equity shares of Rs. 10 each	<u>25,00,00,000</u>	<u>25,00,00,000</u>
<b>Issued, Subscribed and Paid up</b>			
2,21,97,269	Equity Shares of Rs. 10 each fully paid up	<u>22,19,72,690</u>	<u>22,19,72,690</u>
	*Out of the above, 2,21,47,269 Equity Shares of Rs. 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</b>	<b>RESERVES AND SURPLUS</b>		
Capital Reserve		<b>10,53,04,340</b>	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	<b>4,47,45,000</b>		
Add : Transferred From Profit and Loss Account	<u>2,79,36,000</u>	<b>7,26,81,000</b>	4,47,45,000
Profit and Loss Account		<b>99,74,421</b>	94,39,558
		<b>18,79,59,761</b>	<u>15,94,88,898</u>
<b>SCHEDULE 3</b>	<b>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 terms of Sections 391 to 394 of the Companieses Act, 1956.			
1,00,64,700 Equity Shares of Rs. 10 each	<b>32,67,77,030</b>	32,67,77,030	
	<b>32,67,77,030</b>	<u>32,67,77,030</u>	
Market Value of Investments	<b>373,45,06,935</b>	<b>417,58,44,030</b>	

# Balmer Lawrie Investments Limited

## Schedules forming part of the Balance Sheet as at 31st March, 2008

As at 31st March 2007

SCHEDULE 4	CASH AND BANK BALANCES	Rs.	Rs.
With scheduled Banks			
In Current Accounts	3,03,193	2,77,681	
In Short term Deposit Account	11,35,00,000	9,77,70,210	
In Dividend Accounts	30,72,902	15,66,690	
	<u>11,68,76,095</u>	<u>9,96,14,581</u>	

SCHEDULE 5	LOANS AND ADVANCES		
Advances			
Unsecured	15,96,670	31,97,625	
Considered Good	16,17,259		
Subsidiary Company			
Others	<u>32,13,929</u>	<u>31,97,625</u>	
Advance payment of tax			

SCHEDULE 6	CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities			
Sundry Creditors	—	—	
- Due to Small Scale Industries	5,65,798	4,42,666	
- Due to others			
Investor Education and Protection Fund			
shall be credited by the following amount :	30,72,902	15,66,690	
- Unclaimed Dividend [Refer Note below]	<u>36,38,700</u>	<u>20,09,356</u>	
Proposed Final Dividend	3,32,95,903	3,99,55,084	
Taxation	—	61,63,208	
(net of advances - Nil (Rs. 2006-07 - 1294034)	<u>3,32,95,903</u>	<u>4,61,18,292</u>	
	<u>3,69,34,603</u>	<u>4,81,27,648</u>	

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

SCHEDULE 7	OTHER INCOME	Rs.	Rs.
Income from Investments			
Dividend	13,58,73,450	9,05,82,300	
Interest on Deposit, [Tax deducted at source Rs. 2506716] (2006/07 - Rs. 1294034)	1,02,72,076	70,50,044	
Misc. Income	41,876	24,083	
	<u>14,61,87,402</u>	<u>9,76,56,427</u>	

SCHEDULE 8	GENERAL EXPENDITURE		
Salaries & Wages, Welfare Expenses	5,88,960	4,73,874	
Contribution to Provident & Other Fund	48,053	39,609	
Service Charges	15,33,714	13,20,960	
Listing Fees & Other Fees	3,30,043	3,53,709	
Bank Charges	2,015	673	
Auditor's Remuneration and Expenses	36,517	36,508	
Travelling Expenses	1,78,820	1,85,641	
Printing and Stationery	3,39,487	4,66,571	
Telephone, Telex, Postage, Cables and Telegrams	3,58,176	4,36,915	
Miscellaneous Expenses	2,85,767	2,69,601	
	<u>37,01,552</u>	<u>35,84,061</u>	

# Balmer Lawrie Investments Limited

## 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 October, 2001.

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

3. Auditors' remuneration represent :

Statutory Auditors	Rs.	Rs.
- Audit Fees	16,854	16,854
- Tax Audit Fees	5,618	5,618
- Limited review and other Certification jobs	14,045	14,036
	36,517	36,508

[Included Service Tax paid/payable amounting to Rs. 4017 (Rs. 4008)]

### 4. Related party disclosure

i) Name of Related Party	Nature of Relationship
Balmer Lawrie & Co. Limited (BL)	Subsidiary Company
Balmer Lawrie (UK) Ltd.	Wholly Owned Subsidiary of BL
Balmer Lawrie (Tea) Ltd.	Wholly Owned Subsidiary of Balmer Lawrie (UK) Ltd.
Transafe Services Ltd.	An Associate on which the subsidiary of the Company is having significant influence
Balmer Lawrie-Van Leer Ltd.	- Do -
Balmer Lawrie (UAE) LLC.	- Do -
Avi Oil India (P) Ltd.	- Do -
Proseal Closures Ltd.	Subsidiary of Balmer Lawrie Van Leer Ltd.

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

Type of Transaction	Subsidiary (BL) (Rs.)
a) Purchase of Goods	31/03/08 90,625 31/03/07 90,000
b) Value of Services Received	31/03/08 14,13,772 31/03/07 11,85,000
c) Dividend Income	31/03/08 13,58,73,450 31/03/07 9,05,82,300
d) Investment in Shares as on	31/03/08 32,67,77,030 31/03/07 32,67,77,030
e) Outstanding Payable	31/03/08 1,45,540 31/03/07 61,709

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 Statement 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.

# Balmer Lawrie Investments Limited

## Notes on Accounts

### SCHEDULE 9 (Contd.)

#### 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

- i) Earnings per share of the company has been calculated considering the Profit of Rs. 13,96,75,850 the numerator (Previous year Rs. 9,28,72,366).
- ii) The weighted average number of equity shares used as denominator is 2,21,97,269 (Previous year 2,21,97,269).
- iii) Earning per share (Basic and Diluted) for the year on the above mentioned basis comes to Rs. 6.29 (Previous year Rs. 4.18).

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

	2007-08	2006-07
	Rs.	Rs.
Statutory Publication	1,29,689	1,17,491
Gift & Presentation	93,272	92,204
Other Misc. Expenses	62,806	59,906
	<b>2,85,767</b>	<b>2,69,601</b>

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 T. K. GHOSE & CO  
*Chartered Accountants*

A. K. MITRA  
*Partner*  
Membership No. 4706  
New Delhi, 27th June 2008

S. K. Bandyopadhyay  
*Chairman*

S. Misra  
Dr. S. Banerjee  
C. C. Unnikrishnan  
*Directors*

P. K. Ghosh  
*Secretary*

# Balmer Lawrie Investments Limited

## Cash Flow Statement for the year ended 31st March, 2008

	Year Ended March 31, 2008	(Rupees in lakhs)
		Year Ended March 31, 2007
<b>A. Cash flow from Operating Activities</b>		
Net Profit before Tax/Operating Profit before		
Working Capital Changes	1,425	941
Trade and Other Receivables	16	(13)
Trade Payables		—
<b>Cash Generated from Operations</b>	<b>1,441</b>	928
Direct Taxes Paid	(37)	(11)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1,404</b>	917
<b>B. Cash Flow from Investing Activities</b>	—	—
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>—</b>	—
<b>C. Cash Flow from Financing Activities</b>		
Dividend Paid	(1,050)	(590)
Corporate Tax on Dividend	(181)	(84)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(1,231)</b>	(674)
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>173</b>	243
<b>CASH &amp; CASH EQUIVALENTS – OPENING BALANCE</b>	<b>996</b>	753
<b>CASH &amp; CASH EQUIVALENTS – CLOSING BALANCE</b>	<b>1,169</b>	996

### NOTES ON CASH FLOW STATEMENT

(Rupees in lakhs)

#### 1. Component of Cash and Cash equivalent

Cash and Bank Balances	1,169	996
Changes	1,169	996
	<b>173</b>	<b>243</b>

On behalf of the Board

For T. K. GHOSE & CO  
*Chartered Accountants*

S. K. Bandyopadhyay  
*Chairman*

A. K. MITRA  
*Partner*  
Membership No. 4706  
New Delhi, 27th June 2008

S. Misra  
Dr. S. Banerjee  
C. C. Unnikrishnan  
*Directors*

P. K. Ghosh  
*Secretary*



# Balmer Lawrie Investments Limited

## Statement Regarding Subsidiary Company

Pursuant of Section 212 (1) of the Companies Act, 1956

	Rs.
<b>Balmer Lawrie &amp; Co. Ltd.</b>	
a) Holding Company's Interest :	
1,00,64,700 Equity shares of	
Rs 10 each fully paid up at cost	32,67,77,030
b) Net aggregate amount of Subsidiary's profit/(loss) not dealt within the Holding Company's accounts :	
I) for the subsidiary's financial year ended	
31st March, 2008	53,72,07,013
II) for the previous financial years (Cumulative)	112,15,12,531
c) Net aggregate amount of Subsidiary's profit/(loss) dealt within the Holding Company's accounts :	
I) for the subsidiary's financial year ended	
31st March, 2008	13,58,73,450
II) for the previous financial years (Cumulative)	23,04,81,630

On behalf of the Board

For T. K. GHOSE & CO  
*Chartered Accountants*

A. K. MITRA  
*Partner*  
Membership No. 4706  
New Delhi, 27th June 2008

S. K. Bandyopadhyay  
*Chairman*

S. Misra  
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C. C. Unnikrishnan  
*Directors*

P. K. Ghosh  
*Secretary*

**Subsidiary Company –  
Balmer Lawrie & Co. Limited**

**Report & Annual Accounts for the  
financial year ended 31 March, 2008**

## Directors' Report

The Directors have pleasure in presenting the 91st Report on the state of affairs of your Company for the financial year ended 31 March 2008, together with the audited Balance Sheet and Profit & Loss Account of the Company.

### Overall Financial Results

	Financial Results for the Company Year ended 31 March		Consolidated Financial Results Year ended 31 March	
	2008	2007	2008	2007
Surplus for the year before Finance Charge, depreciation and tax	<b>14521</b>	12047	<b>17993</b>	15358
Deduct therefrom :				
Finance Charge and depreciation	<b>1478</b>	1431	<b>3285</b>	3242
Provision for Taxation	<b>4350</b>	3594	<b>4726</b>	3795
	<b>8693</b>	7022	<b>9982</b>	8321
Add Transfer from :				
Profit & Loss Account	<b>6400</b>	3450	<b>13849</b>	10140
	—	—	—	4
<b>Total amount available for Appropriation :</b>	<b>15093</b>	10472	<b>23831</b>	18465
Appropriations :				
Proposed Dividend @ Rs. 17.00 per equity share (previous year Rs. 13.50 per equity share)	<b>2769</b>	2199	<b>2844</b>	2647
Corporate Tax on Dividend	<b>471</b>	373	<b>491</b>	400
Transfer to General Reserve / Minority interest etc.	<b>3000</b>	1500	<b>3081</b>	1569
Surplus carried forward to next year	<b>8853</b>	6400	<b>17415</b>	13849
<b>Total of Appropriations</b>	<b>15093</b>	10472	<b>23831</b>	18465

### Overview

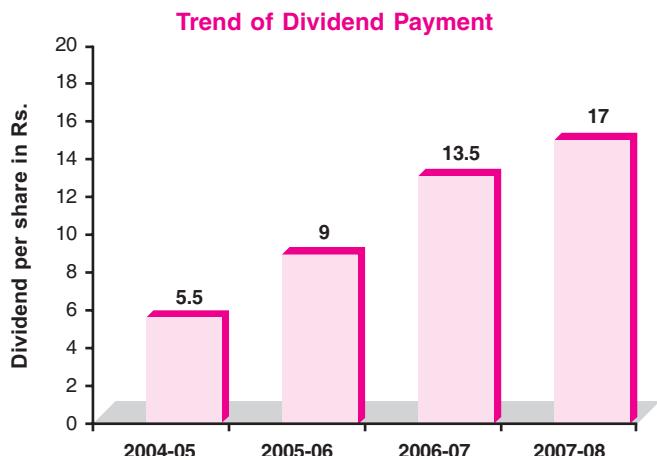
In the year 2007-08 your Company achieved significant milestones in business and operations as evident from the following :

- The Company recorded its highest ever Turnover with net sales crossing Rs. 1490 crore as against Rs. 1300 crore in 2006-07, marking an increase of 15%.
- Profit Before Tax increased from Rs. 106 crore in 2006-07 to Rs. 130 crore in 2007-08, an increase of 23% over the previous year.
- Profit After Tax increased from Rs. 70.22 crore in the previous year to Rs. 86.93 crore in 2007-08, an increase of 24% over the previous year.
- Segment-wise performance analysis and sales indicate that four segments viz., Travel & Tours, Industrial Packaging, Grease & Lubricants and Logistics Infrastructure & Services were the main revenue generators.

### Dividend

A dividend of Rs. 17.00 per equity share of Rs. 10 each for the year ended 31 March 2008 as against Rs. 13.50 per equity share in the previous year, has been recommended by the Board of Directors for declaration by the Members at the ensuing

91st Annual General Meeting to be held on 26 September 2008. 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 100% subsidiary of your Company. The principal business activities of BLUK were - Leasing & Hiring of Marine Freight Containers and Import, Warehousing, Blending & Packaging of Speciality Tea.

Performance of the Marine Freight Containers activity has generally been in line with the performance of the previous year, both in terms of utilisation as well as lease rentals. The subsidiary is, however, faced with the issue of ageing and diminishing fleet size. The fleet of containers, since inception, is managed by TAL International Container Corporation of USA (TAL) through two Lease Management Agreements, both of which expired a few years back. TAL instead of renewing the agreements, had offered to buy the fleet of containers. An agreement in this regard has been reached in July 2008 and the entire fleet was transferred to them by BLUK on 31 July 2008.

Tea activity had started the financial year 2007-08 with an upswing in volume and turnover, primarily on account of blending and packaging contract entered into with one of the larger tea packaging companies in the UK. The volume and turnover did result in marginal improvement of financial performance, but this trend was not expected to be sustained in the coming years. As such, the Board of Directors of BLUK took the decision to exit the tea business. SBICAP (UK) Ltd. was appointed in July 2007 for the purpose of hiving off the activity through a competitive bidding process. The bidding process had been satisfactorily completed and the Tea Factory along with all its assets had been sold to the highest bidder viz., Duncan Macneill & Co. Ltd. of the UK. The sale was completed on 7th December 2007.

### Exemption from attaching accounts of the Subsidiary

The Ministry of Company Affairs, New Delhi, vide their approval no. 47/411/2008-CL-III dated 25 June 2008 has exempted your Company from attaching the Annual Accounts of Balmer Lawrie (UK) Ltd, the wholly owned subsidiary of your Company for the year ended 31 March 2008 with its Annual Accounts for the same period. However, such accounts have been duly consolidated in terms of applicable Accounting Standards.

## Report on Joint Ventures

### AVI-OIL India (P) Ltd. (AVI-OIL)

During the year 2007-08, AVI-OIL witnessed a considerable decline in its sales performance as compared to the previous year. This was mainly due to the low off-take by the Defence Services, particularly the Indian Air Force. Delays in renewal of the Rate Contract by Indian Air Force and in processing of orders for certain major grades were the contributing factors.

In order to continue the process of approval of the products, offer new generation lubricants required for equipment/aircrafts proposed to be inducted by the Indian Defence Services and to diversify in the area of lubricants for industrial applications, AVI-OIL successfully negotiated with NYCO/NEDEN for extension of the Technical Collaboration Agreement, which is due to expire in December 2008. Accordingly, the contract has been extended by another five years i.e upto December 2013, without any additional Technical Know-how fees to be paid to the technology provider.

Efforts have been intensified for creating market for products having Industrial applications. Thrust areas include synthetic lubricants for refrigeration compressors, fire resistant hydraulic fluids and the non-inflammable dielectric fluids.

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

During 2007-08, BLVL achieved an increase in net sales and other income from Rs. 103.32 crore in the previous year to Rs. 113.15 crore representing an increase of 9% over the last year. In quantitative terms, the sales of the Closure Division grew by 11% and in the Plastic Division growth was double digit in two of the main product lines. In value terms, the domestic sales grew by 8% whereas exports were marginally lower by 5%. This was mainly because of appreciation of the Rupee vis-à-vis the US Dollar.

The prices of steel and polymers, the main raw materials for Steel Closures and Plastic Divisions respectively, after little moderation in the first half, moved up sharply in the later part of the second half of the year, in tandem with the prices in the international market resulting in higher input costs which could not be passed on to the customers completely leading to pressure on margins. Consequently, there was an adverse impact on the bottom-line with the Profit before Tax (PBT) being marginally lower at Rs. 503.56 lakh as against Rs. 555.71 lakh in the last year. Effective PBT was further reduced by Rs. 316 lakh due to one-time charge associated with surrender of lease-hold right on a portion of land at Chembur leased to Balmer Lawrie & Co. Ltd.

During the year, BLVL has entered into an agreement with HPCL for sale of its Chembur land and Factory Building appurtenant thereto as also with Balmer Lawrie & Co. Ltd., for purchase of lease right in respect of MIDC land at Turbhe. BLVL has envisaged shifting of its Closure Division from Chembur to a location at Turbhe which is adjacent to its Plastic Division and simultaneously expand the production capacity relating to steel drum closures from 18 million sets to 35 million sets per year. The process of shifting has started and full-fledged operation is expected to commence from the new location during the second quarter of 2008-09.

BLVL is also expanding the capacity of Plastic Drums both at Turbhe and Chennai and the capacity-expansion is likely to be completed by the second quarter of 2008-09.

### Transafe Services Limited (TSL)

TSL has re-structured its businesses into the following four Strategic Business Units (SBUs) for maximizing operational efficiency :

- (i) SBU-Indian Container Leasing : This SBU offers leasing operations in domestic and International sectors.
- (ii) SBU-Glacio Cold Chain Logistics : This SBU covers various areas like providing transportation through refrigerated containers, cold storage required for warehousing, controlled atmosphere storages for sensitive perishables, etc.
- (iii) SBU-Indo Trailer Logistics : This SBU offers logistics and transportation services throughout India in specially designed box trailers.
- (iv) SBU-Creative Containers: This SBU covers manufacturing of special containers like Bunk Houses, Kitchen Containers, Missile Carriers, Weapon Carriers, Lab Containers, etc.

The turnover of TSL for the financial year ended 31 March 2008 at Rs. 85.11 crore recorded an impressive growth of approximately 70% as against Rs.50.19 crore during the previous year. During the financial year ended 31 March 2008, TSL achieved Profit After Tax of Rs. 8.69 crore, registering a growth of approximately 77% as against Rs. 4.92 crore during the year ended 31 March 2007. TSL is expected to maintain its momentum of profitable growth.

In March 2008, TSL issued Bonus Shares in the ratio of 9:10, i.e. 9 bonus equity shares were issued for every 10 existing equity shares held by its shareholders.

#### **Balmer Lawrie (UAE) LLC (BLUAE)**

BLUAE registered an all-time high turnover during the year 2007 despite adverse market conditions, intense competition and pricing pressures. However, customer resistance to price increase continued and the margins remained under constant pressure.

The present prices of the main raw materials viz. CR steel, Tinplate and HDPE are at record high levels. It will be a challenge to BLUAE to pass on the impact of rising raw material cost to its customers. The economy in the Middle East is itself fraught with inflationary pressures and cost increases, which makes product pricing even more challenging.

Nevertheless, BLUAE continues to retain its dominant position in the market with customer satisfaction and high business ethics being its guiding policies.

#### **Memorandum of Understanding (MoU)**

Your Company enters into an MoU with the Government of India, Ministry of Petroleum and Natural Gas every year detailing therein various targets on operational, financial and efficiency parameters besides matters like customer satisfaction, quality and human resource development. The targets fixed are evaluated at the year-end by Department of Public Enterprises, Government of India (DPE). It is indeed a matter of great pride to report that your Company has obtained the highest rating category viz. "excellent" for the financial year 2006-07. Result of MoU signed for the financial year 2007-08 by the Company is yet to be announced by DPE.

#### **Human Resource Management**

Your Company has always recognized its human resource to be the prime mover of the organization. In this endeavour, utmost stress is given to upgrading the skills and competencies of the employees. Further, as part of its HR initiative towards organizational development, your Company has carried out an innovative Employee Satisfaction Survey and 360 Degree Assessment of Managers during the year.

#### **Employee Relation**

Your Company closed down its manufacturing facility at Mathura with effect from 1 December 2007, consequent to cessation of its fabrication contracts with Indian Oil Corporation Limited. The Industrial relation in all the other units/locations of your Company remained cordial during the year.

#### **Implementation of "The Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995"**

In compliance with the provision of the Persons With Disabilities (Equal Opportunities, Protection of Rights and Full Participation)

Act, 1995, appropriate action has already been initiated by your Company for identifying posts for persons with disability and filling up the backlog vacancies in the identified areas.

During the year 2007-08, as a part of its commitment to the cause of the physically challenged, your Company has contributed Rs.5.0 lakh to the Indian Institute of Cerebral Palsy, a non-government organization, working for the mentally challenged children at Kolkata.

#### **Implementation of Official language**

The Government directives with respect to implementation of official language policy are duly followed in your Company.

#### **Welfare of Weaker Sections**

Your Company has taken a policy decision to earmark upto 0.5% of the net profit towards various programmes aimed at helping the weaker sections of the society. To achieve this objective, your Company has initiated a number of community development programmes in collaboration with reputed Non-Governmental Organizations.

Your Company has also taken steps to ensure that sufficient representation is provided in employment to persons belonging to SC/ST/OBC/Minority community etc. including women.

#### **Global Compact**

The Company is a founder member of the Global Compact Society. Towards fulfillment of its commitment, the principles of Global Compact are followed. The 'Communication on Progress' for the year under review has been hosted on the site of Global Compact Society as well as on the Company's website.

#### **Vigilance**

During the year under reference, Vigilance Department has consistently and proactively focused on prevention of corruption. For this purpose, periodic and surprise inspections were conducted and valuable suggestions made on system improvements and transparency, which proved to be useful in simplification of procedures, enhancing accountability and easing implementation. The Vigilance Officials of the Company kept in touch with all levels of officers regularly and apprised them about the CVC, MOP&NG, DPE directives/guidelines in the matter of purchases, contracts, disposals etc. The efforts exerted by the Vigilance Department have resulted in creation of a congenial atmosphere, which provides scope for better interaction amongst the Officers and the Vigilance Department. Vigilance Awareness Week was observed in November 2007, where suppliers, customers, dealers etc. were briefed on the Grievance redressal procedure and the policy of transparency adopted by your Company.

The Board of Directors reviews activities of the Vigilance Department twice a year and expressed its satisfaction on the performance of the Department headed by the Chief Vigilance Officer.

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

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 2008, 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 2008 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 2008 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 Clause 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 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, the Company did not have any employee who received remuneration of Rs. 2,00,000 or more per month or Rs. 24,00,000 per annum. Therefore, the disclosure 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 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 2008 is set out elsewhere in the Annual Report.

**Directors**

In accordance with the provisions of Article 12 of the Articles of Association, Shri S K Mukherjee and Shri P Radhakrishnan would retire by rotation at the ensuing Annual General Meeting and they are eligible for reappointment at the said Meeting.

Shri A Kaushik, who was appointed a Director of the Company on 19 February 2007 as a nominee of Ministry of Petroleum and Natural Gas, Government of India vacated his office on the Board of your Company with effect from 15 April 2008. The Board of Directors records its deep appreciation of the valuable services rendered by Shri Kaushik during his tenure as Director of your Company.

**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. Accordingly, the Auditors have been appointed for auditing the books of account of the Company for the financial year ended 31 March 2009. The remuneration of the Auditors for the year 2008-09 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**

The Auditors' Report dated 16 June 2008 for the year ended 31 March 2008 does not have any reservation, qualification or adverse remark.

The Statutory Auditors have opined that there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services.

The Statutory Auditors have also opined that the Balance Sheet of the Company as at 31 March 2008 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 Board of Directors wish to place on record its appreciation to all the employees for their sincere co-operation, dedication, commitment, perseverance and maintenance of a pro-active work culture, which contributed in the achievement of new milestones. Sincere thanks are also expressed to the customers, business associates/consultants, bankers, auditors, solicitors and lawyers for their continued patronage, association and confidence reposed in the Company.

The Directors are also thankful to the Ministry of Petroleum & Natural Gas, Government of India, for the valuable guidance, support and co-operation extended to the Company from time to time.

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

On behalf of the Board of Directors

*Registered Office :*

Balmer Lawrie House  
21 Netaji Subhas Road  
Kolkata - 700 001

25 August 2008

S K Mukherjee      *Managing Director*

P Radhakrishnan      *Wholetime Director*

**INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH 2008**

**1. CONSERVATION OF ENERGY**

**a) Energy conservation measures taken**

Keeping with the Company's commitment to be an environmentally responsible entity and in view of the increasing cost of energy, the Company makes continuous efforts towards conservation of energy. Some of the measures taken during the year were :

- Energy Audit was conducted in Kolkata and Chennai Plants of SBU-Industrial Packaging
- Electricity and fuel consumption per unit of production were monitored regularly at all manufacturing plants and corrective actions taken as needed.

**b) Additional Investment proposal for conservation of energy**

- Based on Energy Audit conducted on selected plants/offices, investments towards installation of energy efficient drive systems, improvements in power factors etc. have been made in some of the plants.

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

Above measures have helped in 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 OUT GO :**

**f)** Efforts at developing export market for lubricants have been encouraging and detailed plans have been drawn up to consolidate and grow on such efforts.

**g) Total Foreign exchange used and earned**

Rs. in Crore

Total Foreign exchange used	:	154.44
Total Foreign Exchange earned	:	13.71

**Note :** Particulars of foreign exchange used/earned during the year given under clauses 15.14(a), 15.14(b) and 15.14(c) of schedule 15 of Notes on Accounts.

**FORM - A**

**Form for Disclosure of Particulars with respect to conservation of Energy**

**A. Power & Fuel Consumption**

**1. Electricity**

**(a) Purchased**

Units ('000 kwh)  
Total amount (Rs. Lakh)  
Rate/Unit (Rs./kwh)

	<b>2007-08 Current Year</b>	<b>2006-07 Previous Year</b>
Units ('000 kwh)	8,087	8,599
Total amount (Rs. Lakh)	451.33	365.58
Rate/Unit (Rs./kwh)	5.58	4.25

	<b>2007-08</b> <b>Current Year</b>	2006-07 Previous Year
(b) Own generation		
(i) Through diesel generator		
Units ('000 kwh)	851	597
Units per ltr. of diesel oil	2.66	2.62
Cost/unit (Rs./unit)	12.36	12.76
(ii) Through steam turbine/generator		
Units	N.A.	N.A.
Units per ltr. of fuel oil/gas		
Cost/unit		
}		
2. Coal		
Quality (tonnes)	N.A.	N.A.
Total Cost		
Average Rate		
}		
3. Furnace Oil		
Quality (kl)	1,808	1,632
Total amount (Rs. Lakh)	542.64	449.80
Average Rate (Rs./kl)	30,005	27,550
4. Other/Internal Generation		
Quantity (Rs. Lakh)	N.A.	N.A.
Total Cost		
Cost/unit		
}		
<b>B. Consumption per unit of production</b>		
	<b>2007-08</b> <b>Current Year</b>	2006-07 Previous Year
Lubricating greases		
● Electricity (kwh/mt-kl)	68	82
● Furnace Oil (l/mt-kl)	16	18
Barrels & Drums		
● Electricity (kwh/unit)	1.79	1.78
● Furnace Oil (l/unit)	0.52	0.46
Synthetic Fat liquors		
● Electricity (kwh/mt)	225	212
● Furnace Oil (l/unit)	57	63
Syntans		
● Electricity (kwh/mt)	226	227
● Furnace Oil (l/unit)	30	25

**Notes :**

1. Figures represent energy consumption in the manufacturing units of SBUs Industrial Packaging, Greases & Lubricants and Leather Chemicals.
2. Figures are based on equivalent units of production.
3. Increases in furnace oil usage per equivalent unit of production in Barrels and electricity usage for Synthetic Fat Liquors are attributable to variations in product mix and changes in production processes.

**FORM - B**

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

**I. RESEARCH & DEVELOPMENT**

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

- R&D Work has been carried out in development of lubricants, leather chemicals and industrial packaging.
- In lubricants (Greases & Lubricating Oils), R & D efforts at value engineering and upgradation of current products had been prioritized. Further efforts were directed at development & commercialization of identified high volume & eco-friendly products, viz. superior quality lithium & sulphonate complex greases, lubricants for railways, sugar industries, mining sectors, automotive sector etc.
- In Leather Chemicals, the thrust of development had been towards high performance fat liquors for sophisticated leather segments and on a range of polymeric syntans.
- In Industrial Packaging, efforts in R & D had been towards development of value added barrel variants and also development of more efficient & productive manufacturing processes.

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

- R&D efforts in lubricants and leather chemicals have helped the Company to introduce new product ranges as also to remain cost effective in existing products thereby helping the respective SBUs to remain competitive.
- R&D efforts in Industrial Packaging would help the Company to augment its portfolio of speciality barrels and improvement in manufacturing processes would help retaining technological leadership in the industry.

**3) Future Plan and action**

R&D and technological up-gradation is one of the key objectives of the Company. The efforts in R&D are directed at maintaining technological & cost leadership leading to customer satisfaction through :

- Value engineering of existing product ranges
- Development of new ranges of speciality/high performance products in lubricants & leather chemicals and also value added industrial packaging applications.
- Development of systems and equipment to aid in cost effective manufacturing etc.

**4) Expenditure on R&D**

	Rs. in Lakh
	<b>2007-08</b>
Capital	<b>16.78</b>
Revenue	<b>219.53</b>
Total	<b>236.31</b>
Total R&D expenditure as % of Turnover	<b>0.16</b>
	<b>2006-07</b>
	30.54
	190.74
	221.28
	0.17

**II. 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 commercialisation.

**b) Benefits derived**

- Partly off-setting the increase in cost of production despite steep increase in price of key raw materials and other inputs.
- Augmentation of Company's products basket in target market segments leading to addition of new customers and retention of existing customers.
- Increased competitiveness & customer satisfaction.
- Introduction of environment friendly & safe practices.
- Foray into Export Market

**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 being fully absorbed ? : Not Applicable
  - iv) If not absorbed, areas where this has not taken place. : Not Applicable
- Reasons there of and future plan of action.

## **Report on Corporate Governance**

**[Forming Part of the Directors' Report for the year 2007-08]**

### **Company's philosophy on good Corporate Governance**

The Company is committed to sound Corporate Governance practices aimed at increasing value for its stakeholders. The Corporate Governance philosophy of the Company is based on 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, the Articles of Association of the Company and Clause 49 of the Listing Agreement.

As on 31st March 2008, the Board consisted of 6 Directors, viz, 4 Whole-time Directors and 2 Non-Wholename Government Nominee Directors mentioned herein below :

#### *Whole-time Directors*

<b>Shri S K Mukherjee</b>	<b>(Managing Director)</b>
<b>Shri P Radhakrishnan</b>	<b>(Director – Calcutta)</b>
<b>Shri V N Sharma</b>	<b>(Director – Bombay)</b>
<b>Shri K Subramanyan</b>	<b>(Director – Finance)</b>

#### *Government Nominee Directors*

<b>Shri M Singh</b>
<b>Shri Atul Kaushik</b>

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

#### **Shri S K Mukherjee**

*Managing Director*

Shri S K Mukherjee was appointed Managing Director by the Government of India, on 1st April 2005. 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 39 years including 32 years in the Company during which he gained specialization in the 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 P Radhakrishnan**

*Director [Calcutta]*

Shri P Radhakrishnan was appointed Wholename Director on 11th March 2003 by the Government of India and was further

re-appointed at the 88th Annual General Meeting held on 23rd September 2005. He is a Bachelor of Arts (Economics) and also holds Diploma in Social Work. Shri Radhakrishnan has a total working experience of 35 years during which he developed expertise in the functional areas of General Management and Human Resource Management.

#### **Shri V N Sharma**

*Director [Bombay]*

Shri V N Sharma was appointed Wholename Director by the Government of India, on 20th January 2005 and was further re-appointed at the 90th Annual General Meeting held on 25th September 2007. 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 32 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 Wholename Director by the Government of India on 30th December 2005. He is a Bachelor of Commerce and a qualified Chartered Accountant (ACA). He has a working experience of 30 years during which he has developed expertise in the functional areas of Accounts & Finance, Taxation and General Management.

#### **Shri M Singh**

*Government Nominee Director*

Shri M Singh was appointed as non-executive Director by the Government of India on 17th February 2006. He is a Bachelor of Arts, a Masters in Public Administration and also an LL.B. He is a member of the IAS (1989 batch). He has a working experience of 15 years during which he has developed expertise in the functional areas of Law, Administration and Management.

#### **Shri A Kaushik**

*Government Nominee Director*

Shri A Kaushik was appointed as a non-executive Director by the Government of India on 15th February 2007. He is a Bachelor of Science, an LL.B and also holds the qualification of PGHRM and PGDIM. Consequent upon his demitting office as director in the Ministry of Petroleum and Natural Gas, Government of India, Shri Kaushik has resigned from the Board of Directors of the Company, with effect from 15th April 2008.

#### **b) Induction of Independent Directors**

The Company is a Government Company in terms of Section 617 of the Companies Act, 1956. 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. Induction of independent directors in terms of Clause 49(I)(A) is under consideration of the Government of India.

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 during the financial year 2007-08 are enumerated as follows :

Name of the Director companies other than your Company in which the Director holds Directorship	No. of held by the Director in various Committees <sup>1</sup> across all companies in which he is a Director	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 other Boards	Chairmanship the last Annual General Meeting of the Company held on 25th September 2007	Attended at
Shri M Singh	1	0	2	0	No <sup>2</sup>
Shri S K Mukherjee	6	2	0	0	Yes
Shri P Radhakrishnan	3	1	0	0	Yes
Shri V N Sharma	3	0	0	0	Yes
Shri K Subramanyan	1	0	1	0	Yes

1 As per the requirement of the Clause 49(I)(C) of the Listing Agreement, Chairmanship/membership of the Audit Committee and the Shareholders' Grievance Committee have been included.

2 Shri M Singh, the Chairman of the Audit Committee was unable to attend the last Annual General Meeting at Kolkata due to his urgent preoccupation at New Delhi. Shri S K Mukherjee - the Chairman of the Annual General Meeting and a member of the Audit Committee had announced such absence and offered to respond to the queries of the members pertaining to the audit function on behalf of Shri Singh,

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 2007-08 is shown below :

Name of the Director	Board Meetings held during 2007-08			
	14th June 2007	25th July 2007	23rd October 2007	21st January 2008
Shri S K Mukherjee	✓	✓	✓	✓
Shri M Singh	✓	✓	✓	✓
Shri A Kaushik	✓	✓	✓	✓
Shri P Radhakrishnan	✓	✓	✓	✓
Shri V N Sharma	✓	✓	✓	✓
Shri K Subramanyan	✓	✓	✓	✓

### Committees of the Board

#### 1. Audit Committee

The terms of reference of the Audit Committee, which are in line with the Companies Act, 1956 and the Listing Agreement inter alia, include the following :

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that financial statements are correct, sufficient and credible.
- Recommending the remuneration of the Statutory Auditor appointed by the Comptroller & Auditor General of India.
- Reviewing with the management, the Financial Statements before submission to the Board.

- Reviewing with the management, adequacy of the internal control systems.
- Reviewing adequacy of the Internal Audit function.
- Reviewing the financial and the risk management policies of the Company.
- Discussing with the internal auditors any significant findings and follow-up action on such issues.
- Discussing with external auditors, before audit commences, the nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- Discussing with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors.
- Ensuring compliance of internal control systems.
- Investigating into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board.

The Board of Directors, at its meeting dated 23rd October 2007, had reconstituted the Audit Committee in line with the requirements of Section 292A of the Companies Act, 1956 so as to consist of 3 Members viz., two Non-Wholetime Directors and one Wholetime Director; Shri M Singh being the Chairman of the Committee and Shri A Kaushik [since resigned] and Shri S K Mukherjee, the other members. The Company Secretary, Shri Amit Ghosh acts as the secretary to this Committee.

As already mentioned above, pending induction of Independent Directors by the Government of India, the composition of the Audit Committee does not meet the stipulations of the Clause 49(II)(A) of the Listing Agreement

with Stock Exchanges. The requirement would be fulfilled as soon as Independent Directors are inducted on the Board by the Government of India.

The Audit Committee met 4 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 2007-08			
	14th June 2007	25th July 2007	23rd October 2007	21st January 2008
Shri M Singh	√	√	√	√
Shri A Kaushik	√	√	√	√
Shri S K Mukherjee	√	√	√	√
Shri P Radhakrishnan	√	√	√	—*

\* Shri Radhakrishnan has ceased to be a member of the Committee as a result of its reconstitution.

## 2. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee reviews and monitors the grievances of shareholders and investors. The Committee comprises of three Members, with non-executive Government Nominee Director as Chairman and the Managing Director and the Director (Calcutta) as Members. On 16th June 2008 the Committee met and took on record the status of investors' grievances as well as the services rendered during

the financial year 2007-08. The terms of reference of the Committee is in terms of the Listing Agreement.

The particulars of investors' complaints during 2007-08 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.

Shri Amit Ghosh, the 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 direct 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 1st April 2007 to 31st March 2008.

The Company had received 2 communications in the nature of complaint and 476 general communications during the financial year 2007-08 and all of them were resolved/replied to within a maximum period of 120 hours from the time of receipt.

The number of complaints has significantly gone down although there has been an increase in the number of general communications. In this context, it is worth mentioning that during the year there has been a significant increase in the numbers (as shown elsewhere in this Report).

Nature of communication	General communication		Complaints		Grievances	
	Resolved		Resolved		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	19	—	—	—	—	—
Non-receipt of share certificates on sub-division, consolidation, duplicate and renewal of share certificates	2	—	—	—	—	—
Loss of share certificates	9	—	—	—	—	—
Change of address	9	—	—	—	—	—
Transmission, Registration of power of attorney, death, marriage certificates etc.	10	—	—	—	—	—
Non-receipt of dividend	103	—	—	—	—	—
Revalidation/Fresh issue of Dividend warrant	277	—	—	—	—	—
Details of Electronic Clearance System or mandates or bank details	20	—	—	—	—	—
Deletion forms	—	—	—	—	—	—
Queries from SEBI	—	—	1	—	—	—
Queries from CLB, Stock Exchanges & Depositories	—	—	—	—	—	—
Queries from RBI, Income Tax	—	—	—	—	—	—
Legal notices/cases etc.	—	—	—	—	—	—
Request for nomination	—	—	—	—	—	—
Miscellaneous	27	—	1	—	—	—
Total :	476	—	2	—	—	—

### **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. Since, the Committee needs to meet at frequent intervals, it consists of the Managing Director and a Wholetime 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. 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 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/stock of dividend warrants, 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 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 conducted in 2007. Responses reflected that the services to the shareholders are, by and large, satisfactory. As the Company is committed to persistently improve and raise the standard of service to the shareholders, a self addressed postage prepaid response sheet is circulated along with this Annual Report to encourage shareholders in providing response.

#### **Secretarial Audit**

During the Financial year 2007-08, Secretarial 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) and 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 the 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 2006-07, this audit has been duly conducted in the year 2007-08 to check the quality of compliance of all applicable laws under which the Company and its Strategic Business Units operate. The Board reviewed the report of such legal compliance audit and found the same as satisfactory.

#### **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 Managing Director and 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 Electronic Clearing Services (ECS)**

As per Circular issued by Securities and Exchange Board of India (Circular no. DCC/FITT/CIR/-3-2001 dated 15th October 2001) the Company encourages use of ECS for payment of Dividend, wherever available. Requests have been made like in earlier years to the shareholders for adoption of ECS facility. It is strongly recommended that the shareholders located at major cities may obtain their dividend through ECS to enable the Company to reduce costs of payment through physical mode as well as in the interest of prompt encashment by the Members.

#### **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 1999-2000 has been deposited with the "Investor Education and Protection Fund" of the Central Government, by the Company on 30th November 2007.

The details of dividends remaining unclaimed as on 31st July 2008, 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 (Rs.)	Dividend per share (Rs.)	Amount of unclaimed dividend as on 31 July 2008 (Rs.)	% of Unclaimed Dividend on the total Dividend	Due date* for transfer to Investor Education and Protection Fund
28 September 2001	2000-01	2,44,29,122.00	1.50	2,54,860.80	1.04	28 September 2008
3 October 2002	2001-02	2,93,14,946.00	1.80	3,40,615.60	1.16	3 October 2009
1 October 2003	2002-03	5,04,86,851.00	3.10	5,67,532.50	1.12	1 October 2010
1 October 2004	2003-04	5,70,01,284.00	3.50	5,21,817.30	0.91	1 October 2011
29 September 2005	2004-05	8,95,73,446.00	5.50	8,35,384.00	0.93	29 September 2012
25 September 2006	2005-06	14,65,74,729.00	9.00	12,77,223.00	0.87	25 September 2013
3 October 2007	2006-07	21,98,62,093.50	13.50	20,41,740.50	0.93	31 October 2014

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

During 1st April 2007 to 30th June 2008, 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 2007	5 July 2007	5 July 2007
30 September 2007	5 October 2007	5 October 2007
31 December 2007	5 January 2008	2 January 2008
31 March 2008	5 April 2008	2 April 2008
30 June 2008	5 July 2008	2 July 2008

### 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
25 September 2007 at 10.30 a.m.	G. D. Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata - 700 019	90th Annual General Meeting (AGM)	NIL
21 September 2006 at 10:30 a.m.	G. D. Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata - 700 019	89th AGM	NIL
23 September 2005 at 10:30 a.m.	G. D. Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata - 700 019	88th AGM	<ul style="list-style-type: none"> <li>● Delisting of Equity Shares of the Company from Madras Stock Exchange Ltd., The Stock Exchange - Ahmedabad, Delhi Stock Exchange Association Ltd., and The Calcutta Stock Exchange Association Ltd.</li> <li>● Insertion of new Article 20, dealing with remuneration to non-wholetime Directors for attending Board Meetings, in place of existing Article 20 in the Articles of Association of the Company.</li> <li>● Change in place of preservation of Register of Members and Index of Members of the Company due to shifting of office of the Registrar.</li> </ul>

### Resolutions passed through Postal Ballot

During the financial year 2007-08, there was no resolution -

ordinary or special - that required to be passed by the Shareholders through Postal Ballot.

### Disclosures

- (a) There was no materially significant related party transaction executed during the financial year ended 31st March 2008 requiring disclosure under Clause 49 of the Listing Agreement, except as has been mentioned under Clause 15.21(i) and (ii) of Schedule-15 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) The Company has reviewed the depreciation policies followed for certain items of fixed assets vis-à-vis its useful life/circumstances prevailing in the business. Based on such technical review, it is felt that in order to have a more appropriate preparation and presentation of the financial statements of the Company, there is a need for an upward revision in the rates of depreciation being charged on these assets. Accordingly, the depreciation rates on these assets have been revised with retrospective effect. As a sequel thereto, an additional charge of Rs. 1.39 crore has been considered in the Accounts, which has been duly disclosed in Schedule 15 to the Audited Accounts.
- (c) 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 31st March 2008.
- (d) 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.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) Formation of a Remuneration Committee is a non-mandatory requirement under the Listing Agreement. The Company is a Government Company within the meaning of Section 617 of the Companies Act, 1956 and all the Wholotime Directors are Presidential appointees. Their remuneration has been/is fixed by the Government of India and hence, the Company does not need to have a Remuneration Committee.
- (i) The Company is yet to adopt other non-mandatory requirements of Clause 49 including 'Whistle Blower Policy'.
- (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 Wholotime Directors. The Company circulates/discloses to the Members such terms of appointment/any variation thereof together with memoranda of interest of Directors in accordance with Section 302 of the Companies Act, 1956. Presently, the policy of the Board is that the Directors, whether Wholotime/Non-Wholotime, are not to be paid any sitting fees for the meetings of Board of Directors or Committee attended by them.

### Details of remuneration paid to the Directors is enumerated hereunder :

(All figures in Rs.)

Name of Director	Salaries and allowances	Contribu-tion to provident fund	Contribu-tion to gratuity fund	Other benefits and perquisites	Total Remune-ration
Shri S K Mukherjee	875138	83021	—	229098	1187257
Shri P Radhakrishnan	821414	76754	—	288811	1186979
Shri V N Sharma	790715	73230	—	170723	1034668
Shri K Subramanyan	888777	72711	—	110635	1072123

- (k) The Board and the Audit Committee need to be reconstituted by induction of appropriate number of independent directors, which is under active consideration of the Government of India.
- (l) 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.
- (m) 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

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

- (n) The Company has since revised its existing Risk Management Policy and has taken necessary initiatives to review the existing framework in a more formal manner making the executive management accountable to assess risks and minimize the impact of risk as a continuing processes as per clause 49(IV)(C) of the Listing Agreement.

### Shareholders' Information

Date and time of the 91st Annual General Meeting	: 26th September 2008 at 10.30 a.m.
Venue	: Ghanshyam Das Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata - 700 019
Financial year ended on	: 31st March 2008
Dividend Payment date	: The dividend warrants would be posted or dividends would be transferred through ECS on or after 26th September 2008 and within 30 days from the date of declaration as provided in the Companies Act, 1956.
Date of Book Closure	: 16 September 2008 to 26 September 2008 (Both days inclusive)

The shareholders are required to submit ECS mandate / bank particulars, on or before 15th September 2008 at the following address :

**Intime Spectrum Registry Ltd.,  
Registrar & Share Transfer Agent**  
59-C, Chowringhee Road, 3rd Floor  
Kolkata - 700 020  
Phone : (033) 2289 0540  
Telefax : (033) 2289 0539  
E-mail : kolkata@intimespectrum.com

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

<b>Name and address of the Stock Exchanges</b>	<b>Stock code</b>	<b>Annual Listing Fee for 2008-09 paid to the Stock Exchanges on</b>
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001	523319	28 April 2008
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai 400051	BALMLAWRIE	10 April 2008
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 created 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 :

**Intime Spectrum Registry Ltd.  
Registrar & Share Transfer Agent**

59-C, Chowringhee Road, 3rd Floor  
Kolkata - 700 020  
Phone : (033) 2289 0540  
Telefax : (033) 2289 0539  
E-Mail : kolkata@intimespectrum.com

OR

**Balmer Lawrie & Co. Ltd.**

Secretary's Department  
21, Netaji Subhas Road  
Kolkata - 700 001  
Phone : (033) 2222 5322/5314  
Fax : (033) 2222 5678  
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 31st July 2008**

<b>Face value of Equity Shares (Rs.)</b>	<b>Number of Shareholders</b>	<b>Percentage of total Shareholders</b>	<b>Number of Shares</b>	<b>Percentage of total Shareholding</b>
Upto 50	8656	57.989	188614	1.158
51 to 100	2554	17.110	223546	1.373
101 to 500	2786	18.664	688587	4.228
501 to 1000	485	3.249	371988	2.284
1001 to 2000	240	1.608	352410	2.164
2001 to 3000	88	0.590	217853	1.338
3001 to 4000	29	0.194	104833	0.644
4001 to 5000	17	0.114	78036	0.479
5001 to 10000	38	0.255	276643	1.699
10001 & above	34	0.228	13783571	84.634
<b>TOTAL</b>	<b>14927</b>	<b>100.000</b>	<b>16286081</b>	<b>100.000</b>

**Distribution of Shareholding as on 31st July 2008 on the basis of category of Shareholders**

	Category	No. of shares held	Percentage of Shareholding
<b>A</b>	<b>Promoter's Holding</b>		
<b>1</b>	<b>Promoters</b>		
	– Indian promoters	NIL	NIL
	– Foreign promoters	NIL	NIL
	<b>Sub-Total</b>	<b>NIL</b>	<b>NIL</b>
<b>B</b>	<b>Non-Promoter's Holding</b>		
<b>2</b>	<b>Institutional Investors</b>		
	a. Mutual Funds and UTI	938025	5.76
	b. Banks, Financial Institutions, Insurance Companies (including Central/State Govt. Institutions/Non-Government Institutions)	1999516	12.28
	c. FIIs	8542	0.05
	<b>Sub-Total</b>	<b>2946083</b>	<b>18.09</b>
<b>3</b>	<b>Others</b>		
	a. Bodies Corporate*	10762982	66.09
	b. Indian Public	2449729	15.04
	c. NRIs/OCBs	127287	0.78
	d. Any other	—	—
	<b>Sub-Total</b>	<b>13339998</b>	<b>81.91</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 31st July 2008**

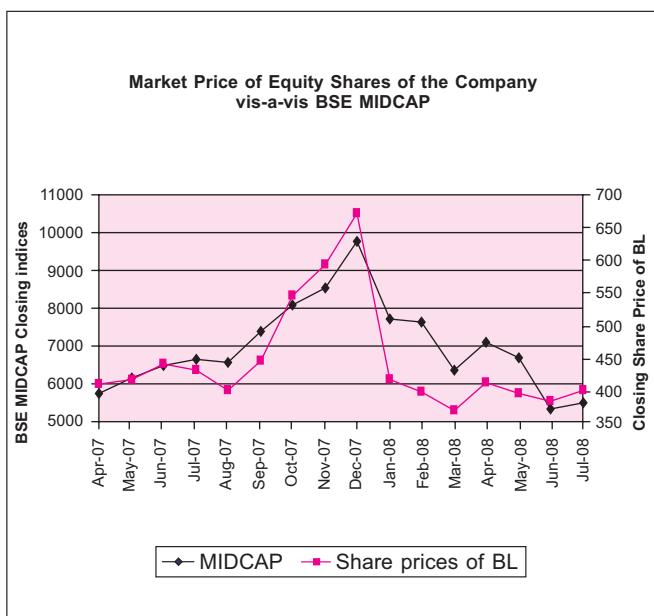
Category	Number of Physical Shares	Number of Dematerialized Shares	Total number of Shares	Percentage of Equity holding
Foreign Nationals	17806	118023	135829	0.83
Financial Institutions and Banks	8841	1986655	1995496	12.25
Balmer Lawrie Investments Limited (a government company)	—	10064700	10064700	61.80
UP State Government	4020	—	4020	0.02
Mutual Fund	650	937375	938025	5.76
Bodies Corporate	8704	689578	698282	4.29
Directors & their relatives	484	1650	2134	0.01
Public	522763	1924832	2447595	15.03
<b>TOTAL</b>	<b>563268</b>	<b>15722813</b>	<b>16286081</b>	<b>100.00</b>

### **Percentage of physical and dematerialized shares as on 31st July 2008**

Type of shares	%
Physical	2.91
Dematerialized	97.09
<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 2007 to July 2008)**

Month	High (Rs.)	Low (Rs.)	Volume of Transactions during the month (Nos.)
April 2007	449.95	388.20	23827
May 2007	438.00	401.10	87204
June 2007	474.8	405	95519
July 2007	495.6	403	94266
August 2007	439.2	386	128552
September 2007	485	389.4	359349
October 2007	561	400	482631
November 2007	734.4	460	1216885
December 2007	723	580	670909
January 2008	684.7	355	417352
February 2008	449	375.4	123327
March 2008	404.8	338	152545
April 2008	434.95	358.1	55717
May 2008	425.9	361	53170
June 2008	433	355.05	84940
July 2008	434	345	42839



## Location of Business

Name of the business	Location	ISO 9001:2000 accreditation	ISO 14001:2004 accreditation
<b>Engineering &amp; Technology Services</b>	Kolkata	✓	—
<b>Tea Blending &amp; Packaging</b>	Kolkata	—	—
<b>Travel and Tours</b>	Ahmedabad	—	—
	Bangalore	✓	—
	Bhubaneswar	—	—
	Chennai	✓	—
	Delhi	✓	—
	Hyderabad	✓	—
	Kolkata	—	—
	Lucknow	—	—
	Mumbai	✓	—
	Thiruvananthapuram	—	—
	Vadodara	—	—
	Kochi	—	—
	Gurgaon	—	—
	Bokaro	—	—

\* The plant at these locations have since been closed

\*\* In addition to the above, the SBU [Leather Chemicals] has the accreditation of OHSAS 18001 : 1999 of TUV : SUD

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

To  
The Members of  
Balmer Lawrie & Co. Ltd.

I, S. K. Mukherjee, Managing Director of Balmer Lawrie & Co. Ltd. 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 31st March 2008.

Kolkata  
16th June 2008

S. M. Mukherjee  
Managing Director

**Auditor's Certificate regarding Compliance of  
Conditions of 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 Limited ("the Company"), for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with 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, subject to the following :

(a) the number of non-executive directors is less than fifty percent of the strength of board of directors (Clause 49(IA) ;

- (b) the company does not have any independent directors in its Board, consequently the Chairman of the audit committee is also not an independent director and the quorum did not comprise of any independent directors (Clause 49(IIA) (i) & (iii) and 49(IIB) ;
- (c) the Chairman of the Audit Committee did not attend the annual general meeting of the Company held on 25th September, 2007 (Clause 49 (IIA) (IV) ;
- (d) the Company has taken necessary initiatives to review existing framework on the basis of which executive management will assess risks and minimize the impact of risk as a continuing process (Clause 49(IVC).

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Place : Kolkata  
Date : 25th August, 2008

FOR GUPTA & CO.  
*Chartered Accountants*  
S. K. GANGULI  
*Partner*  
Membership No. 6622

## **Management Discussion and Analysis**

**[Forming Part of the Directors' Report for 2007-08]**

Balmer Lawrie & Co. Ltd. is a multi-product, multi-location company engaged in a number of manufacturing, marketing and service businesses.

The business activities of your Company have been segregated into **eight** Strategic Business Units (SBUs). Each SBU is discussed separately herein below :

### **1. INDUSTRIAL PACKAGING (SBU-IP)**

#### **Industry structure and developments**

Since early 1950s, the Company is the largest manufacturer of steel drums/barrels. Along with its joint venture, Balmer Lawrie Van Leer Ltd., the Company manufactures and markets packaging products i.e. drums & barrels mainly for Petroleum, Chemical and Food Industry. SBU-IP offers a product range of 165/200/210 litre capacity mild steel barrels from its manufacturing locations spread across the country.

These products are sold through the Company's Pan-India marketing network to consumers in the lubricating oils and greases, transformer oil, agrochemicals, fine chemicals, paint, food products and bitumen industry segments amongst others. The consumers are leading manufacturers in their respective industry segment and come from both public and private sectors ; they use the containers for safe packing, transport and storage of their products.

Low growth rate, surplus capacities and a large number of manufacturers leading to depressed margins have characterized the operations of the Industrial Packaging industry. Cold rolled steel is the main raw material input for the SBU and hence the Business Unit has had to contend with rising input costs. The year under review—especially the last quarter—witnessed a steep increase in prices of raw materials leading to pressure on margin.

The SBU continues to hold its lead position in terms of market share during the year.

#### **Opportunities & Threats**

##### **The major Opportunities for the SBU lie in :**

- Extension of 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 a large base of customers.
- Nurturing its Leading edge technology and technical expertise.
- Moving up the value chain as a packaging, filling and logistics service provider.

##### **The major Threats being faced by the SBU are :**

- The presence of excess manufacturing capacity in the Industry leading to depressed pricing.

- Tender based supplies with wafer-thin margins.
- Emerging competition from alternative products such as plastic drums.
- Volatility in the steel prices leading to unstable product pricing.

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

The SBU recorded higher sales volume (and sales value) leading to a better-than-industry growth rate. The SBU continued to retain its leadership position in the market as a whole and achieved increased market share in the non-lubricant segment.

#### **Outlook**

The emerging inflationary trends and volatility in steel prices could adversely affect the business of the SBU even if the anticipated slow-down in the GDP growth in the country does not materialize in the near-term.

The SBU has planned further rationalization and consolidation of manufacturing facilities during the coming year to improve operational efficiencies and achieve reduction in costs as well as to achieve higher volume of value added products with improved quality. The SBU has also initiated equipment up-gradation to achieve further productivity enhancement and augmentation of production capacity to meet peak season requirement.

The SBU closed its bitumen drum manufacturing facility at Mathura and discontinued production of bitumen drums at Panipat during the year under report due to expiry of the drum fabrication contracts with Indian Oil Corporation Limited. Bitumen drums are now being supplied from the Asaoti Plant commissioned during the year.

#### **Risks & Concerns**

Increased competition from plastic drums manufacturers is an area of concern. Escalation in input costs, specially steel and paint often results in less than commensurate product price adjustments and has generally subjected the Industry, in which the SBU operates, to operational pressures.

Sluggish growth rate in demand for Lubricants which comprise the single largest consumer segment, is another area of concern.

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

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

## Discussion on Financial Performance with respect to Operational Performance

Despite a higher volume and turnover, profit declined as compared to the previous year primarily due to non-realisation of the commensurate steel price hike from the SBU customers.

## Material Developments in Human Resources/Industrial Relations

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

The Mathura unit was closed with effect from 1st December 2007. Despite the Voluntary Retirement Scheme offered by the Company, the workmen have preferred not to opt for the Scheme or accept any closure compensation so far.

## 2. GREASES AND LUBRICANTS (SBU-G&L)

### Industry structure and developments

The turnover of the Lubricant industry in India is estimated at around Rs. 10,000 crore per annum on an annual consumption of over 1.3 million tons of Lubricants. Automotive sector accounts for over 65% of the total Lubricant market and the balance 35% is shared amongst industrial, marine and energy sectors. The Indian Lubricant market is reported to be the 6th largest in the world and 3rd largest in Asia after China & Japan.

Four companies—three PSU Oil Companies and an MNC—together have over 70% share of the lubricants market in India leaving the balance 30% to be shared amongst several organized & unorganized players including global majors. The market continued to be extremely competitive.

The Lubricant market is estimated to have grown by over 3% (by volume) during 2007-08. Growth projections for the next few years veer around 2-3% annually.

The year 2007-08 has been positive in terms of industry growth and profit particularly in the wake of availability of base oil at lower rates as compared to the previous year. However, in the last quarter of 2007-08, the base oil prices began climbing steeply again and the consumption pattern too showed a dip.

The year under review witnessed entry of major automobile manufacturers—with their new product offerings to the Indian consumers. Meeting the lubricant requirement of these new generation vehicles would, no doubt, constitute a major challenge to the Indian lubricant manufacturers including the Company.

The quality of lubricants recommended and used in the new generation commercial vehicles and passenger cars with fuel-efficient engines are of superior grade, having longer drain periods and reduced consumption of lubricants per vehicle. This is expected to tame volume growth over the next 4-5 years.

### Opportunities & Threats

The relatively high economic growth rate with infrastructure and industry being major drivers, is expected to enhance the country's lubricant consumption in the coming years.

With the increase of income level in the rural populace, penetration of small cars and motorcycles in the rural belt is on the increase. This creates opportunity to have a wider customer base and promises further volumetric growth. The emergence of new 4-Stroke Two-Wheelers also offers opportunity to lubricant manufacturers for introducing value-added high-quality engine oils.

Opportunities also exist for developing high performance industrial lubricants and bio-degradable eco-friendly products using our own world class R&D facilities and capabilities.

Steep rise in crude price is bound to push up costs of base oil & additives which would, in turn, put pressure on margins, besides affecting the demand. The increasing engine oil drain intervals and use of longer life greases are expected to moderate volume growth. Inadequate availability of certain grade of base oils at times also appears to be a threat, at least in the short term.

### Segmentwise or Productwise Performance

The business of SBU : G & L broadly consists of [a] 'Processing business' or contract manufacturing for others including the oil/lube companies and [b] Sales to direct customers.

There has been increase in the processing business, particularly of lubricating greases.

Sale to direct customers consists of (a) Institutional sales, the major customers being Railways, Defence and industry sectors like Steel, Mining, Jute, Petroleum Exploration, Automobile and Engineering ; (b) Retail sales particularly of automotive lubricants ; and (c) Exports. Growth was achieved in all three sectors with growth rates being particularly high in Retail and Exports.

### Outlook

Traditionally, the Company's business in Greases and Lubricants has focused on the Industrial sector. Increase in competition and not having in-house source of base oils have eroded margins of the Company in a wide range of products in the industrial sector. The Company has, therefore, adopted the strategy to also strongly promote Retail and Export sales to ensure growth. The Company would continue to introduce value added high performance products for industrial and automotive applications.

The increase in crude oil and base oil prices and slowing economic growth rate are expected to adversely impact the lubricant market growth in 2008-09.

### Risks & Concerns

The major risk in the business of the SBU springs from the limited domestic availability of base oil, the principal raw material and its increasing price. Margins can be threatened

in times of rising costs, because of the commitment to major customers at fixed prices as per contractual terms and inability to pass on the increased costs to other customers due to competitive pressures. Export competitiveness is also dependent on Rupee-Dollar exchange rate.

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

An in-house developed operating software has been recently implemented along with On-line Depot Management System.

The SBU has a detailed MIS and control system to monitor performance against budget/targets. The Quality Management System at four important manufacturing units are certified under ISO 9001:2000 standard. After the Kolkata plant, the Silvassa Plant has, during the year, become the second unit of the SBU having certification under the ISO 14001:2004 standards for Environmental Management Systems.

Additional checks are maintained through Internal Audit and Vigilance Inspection programmes.

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

During the year, the SBU has recorded impressive growth in turnover and profit. The major contributory factors were better volumes in Retail sales and Exports, better discounts & credit terms that could be secured from suppliers of input materials and adoption of cost-effective product mix coupled with discontinuation of low margin products.

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

The industrial relations situation in all the Divisions/Units of the SBU continues to remain cordial and peaceful.

### **3. LOGISTICS SERVICES (SBU-LS)**

#### **Industry Structure and Developments**

The Company—through its SBU-Logistics Services—offers comprehensive range of Logistics solutions both within and outside the country. The services offered include Import Consolidation by Air, Air & Sea freight forwarding, Customs House Agency, Handling of Project Cargo, Multi-modal Transportation, Chartering of Aircrafts & Vessels and Door-to-Door services. The freight forwarding and logistics industry is highly fragmented with more and more new players entering the scene.

During 2007-08, the Indian economy reflected considerable buoyancy, which has resulted in a general upswing in export-import trade in the Country ; all indicators point to the accentuation of this factor in the next few years. The economic upswing has helped both Mumbai & Delhi airports to be among the top 50 airports in the World considering the volume of cargo handled.

#### **Opportunities and Threats**

With the onset of progressively higher competition from Multinational Companies—more and more of which are opening their offices in India—direct marketing by liners

has become quite common. This factor together with the steady rise in international fuel price may put some pressure on margin.

While the economy is expected to grow at a reasonably fast pace during the coming years, some slow-down as contemplated during 2008-09 to global economic recession intensified by a higher fuel price and inflation, could marginally dampen the import-export trade.

Despite these decelerating factors, the SBU still sees major opportunity for growth arising from continued investments made in developing infrastructure activity of the country.

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

In 2007-08, the performance of the SBU was better than the previous year in all fronts viz., turnover, contribution and profit. About 70% of the turnover was contributed by air and related logistics activities.

#### **Outlook**

The client base of the SBU is largely dominated by the Government and the Public Sector Companies. A concerted effort is being made to widen the client base by penetration into the Private Sector, albeit retaining the existing customers. The Company expects that the growth seen in the SBU over the last 5 years, would well be maintained in the longer term.

#### **Risks & Concerns**

As mentioned earlier, more and more MNCs are making their way into the Indian market in addition to the home-grown organizations. The net result is stiff competition, which is being further compounded by the steady climb of fuel price. It is quite conceivable that this may result in a slight shift of traffic from air to ocean. The SBU is fully apprised of the risks and is, accordingly, gearing itself up for an increased share of ocean business.

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

The Corporate Office and all its major branches are ISO certified. The SBU has in place an effective internal control mechanism replete with periodic internal and external audit as also inspection programme by the Vigilance Department of the Company.

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

The SBU has maintained its growth under both parameters—Turnover and Profit.

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

The SBU continued to maintain cordial industrial relations at all its offices while operating with optimum level of manpower.

## 4. ENGINEERING & TECHNOLOGY SERVICES (SBU-ETS)

### Industry Structure and Developments

The SBU has two distinct activity sets comprising :

- a) Construction and Contracting Activities
- b) Services to Oil industry in the refinery/exploration area by way of Tank/Lagoon Sludge Clearing operations including automated cleaning of crude oil tankages etc.

The Construction and Contracting activities have suffered during the year because of continuing rise in the prices of steel and cement. This has been a major adverse development for the Company, adversely affecting execution of fixed cost contracts with customers and cutting into project revenues. This activity has been decided to be closed for external clients in relation to new assignments from 2008-09.

The activity of Tank/Lagoon Sludge cleaning is now poised to grow with gusto inasmuch as the efficacy of the services has now been widely established. The Company is planning to further augment this service portfolio to provide a range of services for the Oil Refining & Exploration Sector.

### Opportunities and Threats

Cut-throat competition, ever increasing rise in prices of steel and cement and non-availability of quality contractors posed serious challenge and consequently this activity of Contracting and Construction services as Profit Centre was discontinued with effect from 2008-09 as stated earlier. However, opportunities are visualized in the area of Oilfield & Refinery services, where the Company's long association with the Oil companies and also the emerging emphasis on environment friendly operations in the Oil sector, can be leveraged for growth.

### Outlook

The outlook for Construction and Contracting business being not very encouraging, it has been decided not to engage in such activities in future as stated earlier, while wrapping up the contracts in hand. The limited resources available with the SBU for such activities would now be refocused to help the Company in implementing its various growth and diversification plans.

Substantial opportunities are seen in "Refinery and Oilfield Services" where, besides augmenting the current activities in tank/lagoon sludge cleaning and in vapour loss prevention devices, new technologies are proposed to be inducted through suitable association with international technology suppliers with the object of expanding further the service basket for the customer.

### Risks and Concerns

Risks arising out of unpredictable steel and cement prices in fixed price contracts are difficult to mitigate in the current context and a view has been taken to exit from such activities. Risks in respect of Refinery & Oilfield Services mostly emanate from the initial resistance in or reluctance of the Oil sector to induct high-tech options replacing traditional workings, which may delay actualisation of plans.

### Internal Control Systems and their Adequacy

The SBU has well defined and established working procedures and control systems. These are reviewed periodically to ensure their adequacy, consistent with the changing scale and nature of activities.

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

Though the SBU recorded an 18% increase in turnover compared to the previous year, the Financial Performance in terms of bottom-line was not upto the mark (although better than last year) due to time and cost overruns in the various contracts, arising out of increasing input costs and also failure of some of the subcontractors.

### Material Development in Human Resources/Industrial Relations

There has been substantial loss of experienced human resources from the SBU over the past few years, arising out of market demand for such skills. While attempts have been made to plug critical gaps through fresh recruitments, loss of human resources would continue to remain an area of concern.

## 5. TRAVEL AND TOURS (SBU-T&T)

### Industry Structure and Developments

The Company's SBU : Travel & Tours is one of the largest IATA affiliated travel agencies in the country. The Travel facilitation industry has around 1500 IATA approved agents and over 15000 non-IATA agents operating in the country. Of these, only about 20 are large operators with multi-locational presence. The SBU, one of the largest operators in organized sector, operates through 13 branches spread across the country. The SBU primarily caters to government, corporate and institutional clients.

The fragmented structure of the industry, coupled with financial compulsions of the airlines, over the past few years, had led to a decline in commissions and earning potential. However, during the last 1-2 years the Air-Travel Industry has experienced a bright phase; the silver lining has been the opening up of skies in India, which was followed by Indian airline companies making forays into the International routes. Most of the major airlines have made large additions to their fleet; banks and airlines have joined hands to offer travel discounts on tickets purchased through credit cards; various travel portals have been set up to facilitate e-booking of air tickets. Entry of "no frills" airlines whose fares are considerably cheaper than other established domestic carriers, has compelled the full service carriers to offer a substantial portion of seats on deeply discounted fares resulting in a major boost to the travel industry.

Against this backdrop of positivity, the following significant developments took place with respect to the SBU :

- Lucknow and Ahmedabad branches have gained recognition from IATA during 2007-08.

- New Travel Offices have been commissioned by the SBU at Kochi and Gurgaon.
- The SBU started Money Changing Business from Hyderabad with effect from 16 August 2007.
- A Satellite Office has been opened at Bokaro with effect from 10 January 2008.
- Delhi Branch has been re-certified after certification audit by "Intertek" for ISO 9001:2000.

#### **Opportunities and Threats**

The opportunities and threats for the SBU are as under :

- Opportunities lie in comfortable economic growth consequent upon low fares, more airlines and more destinations.
- Record growth in Inbound and Domestic Tourism.
- Anticipated reduction in commission and incentives, direct deals between airlines and clients; tie up between banks and airlines to give higher discounts to the clients etc. would have direct and negative bearing on profitability of the SBU.

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

The SBU was able to achieve 18% growth in turnover over the previous year considering both the domestic and international sectors as well as Tours.

#### **Outlook**

The outlook is, however, quite grim because of the steep increase in the Oil prices. It is anticipated that the airlines would be forced to hike their fares as a consequential action. This will put pressure on the airlines to reduce their cost and offer less incentive add-on to the agents. Further, with effect from 1 June 2008 it has become mandatory to issue e-tickets for all air travel. Paper tickets would not be available. The overall market is expected to be highly competitive and challenging because of the low-key margins and pressure from the clients.

#### **Risks & Concerns**

It is anticipated that pressure on margins would continue due to decline in commission and incentives.

The client's expectations for free/add-on services and enhanced discount is expected to be a cause of concern.

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

The SBU has adequate internal control systems commensurate with the nature and scale of business.

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

The SBU recorded significant growth in turnover and reasonable increase in profit before interest as compared to the previous year.

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

Industrial relations in the SBU have been cordial all through the year.

#### **6. LOGISTICS INFRASTRUCTURE (SBU-LI)**

##### **Industry Structure & Development**

The Indian container traffic continues to grow coinciding with the strong economic growth, a manifestation of which has been the GDP growth in the last four consecutive years. Foreign trade too has shown around 20% year-on-year increase in the last 7 years and, in turn, created an unprecedented pressure on the existing port capacities, providing fillip for expansion of the existing facilities.

Ports are the gateway to international trade and handle over 90% of foreign trade. A Container Freight Stations (CFS) operates as an extension of the port inasmuch as the port facilities have not kept pace with growth in trade. Consequently, more capacities in CFSs are being continuously created. The services rendered at a CFS include :

- Aggregation of long distance cargo
- In-transit storage
- Warehousing
- Custom house clearance
- Transportation to and from ports

The impressive performance of the Indian economy—entailing consistent year-on-year growth in GDP—is likely to continue in the long term. This steady growth is expected to activate long-term growth of container traffic and cargo containerisation level in India. It may be noted that the cargo containerisation level is increasingly catching up with international trends. The container traffic, which currently stands at around 5 million TEUs (twenty feet equivalent units), is expected to grow significantly and thereby provide opportunities for growth of port and port-related infrastructure.

The Company has CFSs at Kolkata, Navi Mumbai, Chennai and is exploring possibilities of setting up new CFS at other locations within the country. Container traffic at locations where Balmer Lawrie has its CFSs, accounts for a substantially predominant proportion of the total container volumes handled by the major Indian ports.

#### **Opportunities & Threats**

The sustained impressive performance of the Indian economy coupled with the growth in containerisation of cargo provides scope for expansion of the CFS and related business activities. The policy of the ports to lay emphasis on quick turnaround time of vessels coupled with removal of cargo from its premises within a stipulated period, no doubt, creates a stimulus for incremental volumes of business activity pertaining to the CFSs.

The CAGR growth of around 10% between 2002 and 2007 has resulted in expansion plans for Nhava Sheva and Chennai ports coupled with the development of newer ports such as Mundra, Pipava, Ennore, etc. However, with constraints on rail capacity for movement between west coast ports and National Capital Region it is anticipated that east coast ports too would grow.

Significantly, large numbers of CFSs are coming up at Mumbai, Chennai and Kolkata coupled with shipping lines setting up their own CFSs and this is a major threat to the SBU. In fact, shipping lines are moving deeper into the value chain by getting into every aspect of shipping and providing total logistics solution. All this has resulted in pricing pressure and thus a squeeze on margins. However, with the anticipated increase in volumes, growth momentum is expected to be sustained in the short to medium term.

### Segmentwise and Product Performance

In the current year Chennai posted a 12% volume growth in import TEUs coupled with 100% increase in its bottom line as compared to the previous year. However, there has been a drop in the overall market share on account of drop in the volumes at Mumbai.

### Outlook

The Company is exploring possibility for further expanding capacities at Chennai and Kolkata in the interest of securing incremental market share. The outlook for the next year is challenging at all locations. However the SBU is ramping up capacity at Chennai and Kolkata to handle the anticipated growth in port traffic. Warehousing complements the activities of the CFSs and the SBU is exploring possibility of exploiting the potential by improving existing facilities at CFSs as well as venturing in the warehousing industry with specific emphasis on the Eastern Region.

### Risks and Concerns

About 50% of the country's EXIM container traffic moves through Jawaharlal Nehru Port Trust at Navi Mumbai and increasing saturation of this port with increasing industry capacity along with shipping lines setting up their own CFSs are major areas of concern. The Kolkata Port with its historical legacy of being a city port has made efforts to improve performance but congestion is making it look less attractive to the shipping lines. Adverse changes in Customs Regulations or Port Policies are inherent risks of this SBU.

### Internal Control Systems and their Adequacy

The SBU has well defined and established working procedure and control systems. These are reviewed at periodic intervals to ensure optimal utilisation and protection of resources.

Internal Audit is carried out at regular intervals covering functional and financial areas to ensure compliance with accepted standards and procedures. All the CFSs are ISO certified.

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

Intensive competition has resulted in a marginal decline of profits in 2007-08.

### Material Development In Human Resources/Industrial Relations

Industrial relations at all the CFSs have been cordial throughout the year.

## 7. LEATHER CHEMICALS (SBU-LC)

### Industry Structure and Developments

The Company is a leading manufacturer of sophisticated performance chemicals such as Synthetic fat liquors and Syntans used in the processing of leather.

India is rich in livestock having an estimated 15% of the global livestock population; however it accounts for only 8% of global leather production. Indian Leather Industry's turnover is estimated to be about Rs. 30,000 crore of which about 45% represent exports of finished leather and leather articles.

During the year, the Indian leather industry encountered major challenges, such as, the weakening of the US Dollar against the Rupee, inadequate availability and high prices of hides and skins spiraling prices of certain basic chemicals etc. These factors adversely impacted exports. Nevertheless, the Indian leather Industry is targeting over US \$ 5 billion exports by 2010.

The developments in the leather industry also had its impact on the leather chemicals industry, with demand remaining subdued. This was compounded by lower cost imports of chemicals on one hand and the spiraling prices of certain input materials on the other.

### Opportunities and Threats

India has become one of the global sourcing centers for finished leather and leather products aided by the availability of vast raw materials by way of goat, cow, buffalo and sheepskins. The ongoing modernization in the leather industry, the nationwide infrastructure development and low cost of production compared to other countries have given an edge to India in this direction. Further, the country's economic growth and development of modern retailing outlets in the major cities for branded products have fueled higher domestic consumption for leather goods.

The spiraling price of crude oil has resulted in an unprecedented increase in raw material costs, which is causing a squeeze on margins. Given the highly competitive market situation, the SBU is finding it extremely difficult to pass on price increase to the customers.

### Segmentwise or Productwise Performance

Despite the adversities in the market, the Company achieved volume growth over the preceding year in both fat liquors and syntans segments.

## **Outlook**

Indian Leather Industry is planning for huge investments to treble production, double exports and create one million new jobs in about five years. The sector is totally de-reserved and open for 100% Foreign Direct Investment under the automatic route and this has created exciting opportunities for increased consumption of Leather Chemicals in India in the medium to long term.

## **Risks & Concerns**

Price resistance in the domestic market accompanied by the continuous spiraling of prices of raw material, energy and other input costs have relentlessly squeezed operating margins.

Appreciation of Indian Rupee against major foreign currencies—specially US\$ and Euro—would be an area of concern which would make export un-competitive and at the same time increase import to dislodge indigenous products.

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

The SBU has internal control systems commensurate with the complexity and scale of operation. The SBU has a computerized business operations system. The Manufacturing, Product Development and Marketing functions are now certified for 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 increased from 4600 MT in the previous year to 5100 MT in 2007-08. Turnover increased by nearly 14% but there was no growth in the bottom-line.

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

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

## **8. TEA (SBU-TEA)**

### **Industry Structure and Developments**

The Company's Tea business encompasses more than a century of experience in the field of tea procurement. The procurement is done directly from tea estates, auctions and private sellers. Procurement is followed by adding value through blending/bagging etc. The SBU specializes in specialties and high value added teas.

India's tea production during 2007-08 was about 940 Million-Kg down by 16 Million-Kg from the last year. With no carry forward crop, India could hardly meet the increased demand for domestic consumption. The year witnessed fall in exports by 40 Million-Kg as compared to the preceding year. The fall was due mainly to substantial decrease in shipments to Iraq

owing to problems of remittance. Reduction in exports to Pakistan by about 50% in volume and appreciation of the Indian Rupee against the US \$ resulting in the prices becoming un-remunerative to the importer.

Consumption in the domestic market, however, continued to rise by around 3% during the year under review.

## **Opportunities and Threats**

The SBU possesses a High class Packaging Unit and continues to leverage on this strength in packing of high value added markets such as the UK and Japan. The SBU does not, however, have any garden of its own or any backward or forward integration by way of any branded Tea consumer packet in the domestic market.

The major tea consuming/importing countries follow tendering procedure in sourcing tea where the SBU participates as a Merchant Exporter. The SBU encounters stiff competition from the Producer-Exporters, who are in a better position to offer tea at more competitive rates.

## **Segmentwise or Productwise Performance**

The export sale of the SBU during the year improved mainly due to the receipt of higher quantity of order from the UK.

## **Outlook**

Since indigenous production of tea in India is barely equal to the domestic consumption, it would be necessary for the Industry to bridge the gap by producing increased quantity. The exports would also be hit in order to meet the growing domestic demand. The Tea prices would be impacted and would be ruling high.

However, it is felt that the SBU may not be affected unfavourably at its present scale of operation since its main markets are more quality-sensitive than price.

## **Risks & Concerns**

- a) After hiving of the tea business of the Company's Subsidiary in the UK, the SBU has been supplying tea A/c Harrods to the new buyers, who might in future choose to branch out on their own in respect of Harrods Business. The future would thus depend solely on the decision of the final buyers.
- b) The increasing demand from developed countries, like Japan, Germany etc. for supply of tea having no chemical/pesticides, residue and also confirming non-use of chemicals as per their rigid specification is an area of concern.
- c) Cost of Tea also tends to be an area of concern.

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

The activities of the SBU are strictly governed by the internal control system laid down by the Company in various operation manuals.

## Discussion on Financial Performance with respect to Operational Performance

The SBU has been concentrating on sales to a niche segment/developed market that can offer better price. The financial performance of the SBU was subdued on account of the factors set out herein above.

## Material Developments in Human Resources/Industrial Relations

The Industrial Relation situation in the SBU is cordial.

## SPECIALITY CONTAINERS

It had been informed in the last year's Directors' Report that the SBU - Speciality Containers was being operated by Transafe Services Limited ['Transafe'], a joint venture company under a Leave & License Agreement.

It may be further recalled that the Company had previously obtained the approval of the Members by a postal ballot for sale of the SBU as a going concern to Transafe at a consideration of Rs. 2.89 lakhs. The final transfer to Transafe was dependent on the clearance of the Government of India; hence the Leave & License Agreement was renewed for one more year.

Since then, the Government has issued a clarification that transfer of the facilities is a commercial decision to be decided by the Board of Directors of the Company, subject to compliance of statutory provisions. Members approval having been obtained earlier and the Board having cleared the proposal finally, the transfer to Transafe is under implementation during 2008-09. Hence, activities pertaining to the SBU does not feature in this Report.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company has earmarked upto 0.5% of its net profit for Corporate Social Responsibility. During the year 2007-08, the Company undertook various projects for providing support to the downtrodden and women under Special Component Plan/Tribal Sub-Plan and Gender Budgeting Plans.

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***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 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.

## Auditor's Report to the Members of Balmer Lawrie and Company Limited

1. We have audited the attached **Balance Sheet of Balmer Lawrie and Company Limited** (the Company) as at March 31st, 2008, the Profit and Loss Account and also the 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.
  2. We 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 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, as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the Act) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
    - (i) As disclosed in Note 15.23 of Schedule 15 to the financial statements, the Company has revised during the year the depreciation policy followed for certain items of fixed assets with retrospective effect on the basis of their useful life based on technical evaluation. Accordingly, there is an upward revision in depreciation rates on those assets resulting in an additional charge of Rs. 138.66 lakhs. We draw your attention to it, but our opinion is not qualified in this respect.
- (ii) 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;
- (iii) 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 Branch Auditor's Reports have been forwarded to us and have been appropriately dealt with in preparing this report;
- (iv) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (v) In our opinion, read with Note 15.23 of Schedule 15 to the financial statements, the Profit and Loss Account, Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
- (vi) Being a Government Company, the provisions of Section 274(1)(g) of the Act are not applicable to the Company;
- (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the significant accounting policies and notes thereon and attached 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 :
  - (a) in the case of the Balance Sheet, of the state of the Company's affairs as at March 31st, 2008;
  - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata, June 16th, 2008

FOR GUPTA & CO.  
*Chartered Accountants*  
S. K. GANGULI  
*Partner*  
Membership No. 6622

### 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 and Company Limited (the Company) on the financial statements for the year ended March 31st, 2008. We report that :

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover plant and machinery every year and all the other items 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. Pursuant to the programme, plant and machinery and a portion of other items of fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

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

2. (a) The inventory excluding certain stocks with third parties has been physically verified by the management during the year. In respect of inventory lying with third parties, these have been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are 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, clauses (iii) (a) to (g) of paragraph 4 of the said Order are not applicable to the Company.
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 were not available for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, 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 to correct major weaknesses in the aforesaid internal control system.
5. In view of our remark in paragraph (3) above, commenting on transactions made in pursuance of such contracts or arrangements referred to in Section 301 of the Act do not arise.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect 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 not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

There were no dues on account of cess under Section 441A of the Act, since the aforesaid section has not yet been made effective by the Central Government.

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, service tax, excise duty and cess as at March 31st, 2008 aggregating to Rs. 2,275.79 lakhs, which have not been deposited on account of a dispute, are as indicated in Note 15.2(a) of Schedule 15 to the financial statements.
10. The Company has no accumulated losses as at March 31, 2008, and it has not incurred any cash losses in the financial year ended on that 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 and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund or a nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, 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 banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of 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 a short-term basis which have been used for long-term investment.
18. In view of the comment in paragraph (3) above, Clause (xviii) of paragraph 4 of the said Order concerning preferential allotment of shares is not applicable to the Company.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

FOR GUPTA & CO.  
*Chartered Accountants*  
 S. K. GANGULI  
*Partner*  
 Membership No. 6622

Kolkata, June 16th, 2008

**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 2008.**

The preparation of financial statements of Balmer Lawrie & Co. Limited, Kolkata for the year ended 31 March 2008 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 16 June 2008.

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 2008. This supplementary audit has been carried out independently 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

Dated, Kolkata  
The 22 July 2008

(A. Roychoudhury)  
Principal Director of Commercial Audit  
& Ex-Officio Member, Audit Board - I,  
KOLKATA

**Balance Sheet as at 31st March, 2008**

<b>SCHEDULES</b>			As at 31st March, 2007
	<b>Rs./Lakhs</b>	<b>Rs./Lakhs</b>	Rs./Lakhs
<b>Sources of Funds</b>			
Sources of Funds			
Shareholders' Funds			
Share Capital	1	<b>1,628.61</b>	1,628.61
Reserves and Surplus	2	<b>30,855.56</b>	25,402.05
		<b>32,484.17</b>	<b>27,030.66</b>
Loan Funds			
Secured	3	<b>641.66</b>	975.00
Deferred Taxation Liability	15.26	<b>1,410.08</b>	2,470.08
		<b>34,535.91</b>	<b>30,475.74</b>
<b>Application of Funds</b>			
Fixed Assets			
Gross Block	4	<b>28,847.69</b>	28,328.02
Less : Depreciation		<b>12,526.68</b>	11,852.38
Less : Impairment of Assets		<b>211.24</b>	117.38
Net Block		<b>16,109.77</b>	16,358.26
Capital expenditure in Progress			
including Pre-Production Expenses		<b>581.17</b>	80.16
Advance against Capital Expenditure		<b>128.26</b>	120.37
		<b>16,819.20</b>	16,558.79
Investments	5		4,714.12
Net Current Assets			
Current Assets, Loans and Advances			
Inventories	6	<b>8,635.95</b>	8,027.53
Debtors	7	<b>25,252.70</b>	19,770.77
Cash and Bank Balances	8	<b>10,693.59</b>	4,826.48
Loans and Advances	9	<b>6,304.17</b>	6,050.92
		<b>50,886.41</b>	38,675.70
Less :			
Current Liabilities and Provisions	10	<b>30,778.22</b>	25,674.23
Current Liabilities		<b>7,129.15</b>	4,123.08
Provisions		<b>37,907.37</b>	29,797.31
		<b>12,979.04</b>	8,878.39
Net Current Assets			
Miscellaneous Expenditure on Voluntary Retirement Schemes (to the extent not written off or adjusted)		<b>23.55</b>	324.44
		<b>34,535.91</b>	<b>30,475.74</b>
<b>Notes on Accounts</b>	15		
<b>Significant Accounting Policies</b>	16		

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

*As per our report attached*

For GUPTA & CO.  
Chartered Accountants

S. K. GANGULI  
Partner  
Membership No. 6622  
Kolkata, the 16th June, 2008

S. K. Mukherjee  
Managing Director

M. Singh  
P. Radhakrishnan  
V. N. Sharma  
K. Subramanyan  
Directors  
Amit Ghosh  
Secretary

**Profit and Loss Account for the year ended 31st March, 2008**

**SCHEDULES**

		2006-2007
	Rs./Lakhs	Rs./Lakhs
<b>Income</b>		
Sale		
Manufactured Goods	60,322.71	50,867.59
Less : Excise Duty	8,556.38	7,641.08
	<hr/> 51,766.33	<hr/> 43,226.51
Trading Goods	62.35	147.62
Turnkey Projects	4,847.84	4,305.07
Services	<hr/> 87,806.31	<hr/> 80,312.02
Other Income	4,534.71	2,037.36
	<hr/> 1,49,017.54	<hr/> 1,30,028.58
<b>Expenditure</b>		
Raw Materials Consumed	37,456.68	31,430.64
Purchases		
- Trading Goods	49.49	157.62
- Turnkey Projects	4,624.01	4,450.40
Cost of Services	<hr/> 72,803.36	<hr/> 65,828.68
General Expenditure	20,099.14	17,191.88
Depreciation	1,182.16	1,064.61
Accretion (-)/Decretion to Inventories	(248.89)	(709.27)
Prior Period Adjustments	8.92	(2.16)
	<hr/> 1,35,974.87	<hr/> 1,19,412.40
Profit before Taxation	13,042.67	10,616.18
Provision for Taxation		
- Current	5,340.00	3,810.00
- Deferred	(1,060.00)	(300.00)
- Fringe Benefit Tax	70.00	84.00
Profit after Taxation	<hr/> 8,692.67	<hr/> 7,022.18
Balance Brought Forward	6,399.81	3,449.91
Available for Appropriation	15,092.48	10,472.09
Proposed Final Dividend	2,768.63	2,198.62
Corporate Tax on Dividend	470.53	373.66
Transfer to General Reserve	3,000.00	1,500.00
Balance Carried Forward	<hr/> 8,853.32	<hr/> 6,399.81
<b>Earnings per Share (Rs.)</b>	<hr/> 53.37	<hr/> 43.12
<b>[Basic &amp; Diluted]</b>		
<b>Notes on Accounts</b>	15	
<b>Significant Accounting Policies</b>	16	

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

*As per our Report attached*

For GUPTA & CO.

*Chartered Accountants*

S. K. GANGULI

*Partner*

Membership No. 6622

Kolkata, the 16th June, 2008

M. Singh

P. Radhakrishnan

V. N. Sharma

K. Subramanyan

*Directors*

Amit Ghosh

*Secretary*

S. K. Mukherjee

*Managing Director*

**Schedules forming part of the Balance Sheet as at 31st March, 2008**

**SCHEDULE 1**

**SHARE CAPITAL**

		As at 31st March, 2007	
	Rs./Lakhs		Rs./Lakhs
<b>Authorised</b>			
3,00,00,000	Equity shares of Rs. 10 each	3,000.00	3,000.00
<b>Issued and Subscribed</b>			
90,65,547	Equity shares of Rs. 10 each fully paid up in cash	906.56	906.56
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. with the company	44.81	44.81
67,72,404	Equity shares of Rs. 10 each allotted as fully paid Bonus Shares by way of capitalisation of General Reserve and Share premium	677.24	677.24
		<b>1,628.61</b>	<b>1,628.61</b>

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

**SCHEDULE 2**

**RESERVES AND SURPLUS**

	As at 31st March, 2007			As at 31st March, 2007	
	Rs./Lakhs	Rs./Lakhs		Rs./Lakhs	Rs./Lakhs
<b>Capital Reserve</b>					
Central Investment Subsidy	—	—		0.80	
As per last Account	—	—		0.80	
Less : Transferred to General Reserve	—	—		—	
<b>Share Premium Account</b>					
As per last Account	3,626.77	3,626.77		3,626.77	
<b>Foreign Projects Reserve</b>					
As per last Account	261.94	261.94		—	
Less : Transferred to General Reserve	256.94	5.00		—	
<b>General Reserve</b>					
As per last Account	15,113.53	15,113.53		13,612.73	
Add : Transferred from Central Investment Subsidy	—	—		0.80	
Add : Transferred from Foreign Projects Reserve	256.94	256.94		—	
Add : Transferred from Profit & Loss Account	3,000.00	18,370.47		1,500.00	
Profit and Loss Account	8,853.32	8,853.32		—	
	<b>30,855.56</b>	<b>30,855.56</b>		<b>25,402.05</b>	<b>25,402.05</b>

**SCHEDULE 3**

**SECURED LOANS**

	As at 31st March, 2007		As at 31st March, 2007	
	Rs./Lakhs		Rs./Lakhs	
<b>From Banks</b>				
Term Loan(secured by way of pari-passu first charge on certain movable fixed assets and some immovable properties of the company)	641.66	975.00	641.66	975.00
	<b>641.66</b>	<b>975.00</b>	<b>641.66</b>	<b>975.00</b>

Schedules forming part of the Balance Sheet as at 31st March, 2008

SCHEDULE 4

(A) Assets held for active use

FIXED ASSETS

(In Rs./Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				IMPAIRMENT OF ASSETS				NET BLOCK	
	Original Cost as at 1st April 2007	Additions during the year	Total Cost of Items sold or scrapped/adjusted	Original Cost at 31st March 2008	Up to 31st March 2007	For the year	On items sold or scrapped/adjusted(*)	Total	As on 1st April 2007	For the year	Balance as on 31.3.2008	W.D.V. as at 31st March 2008	W.D.V. as at 31st March 2007	
Land - Freehold	1,218.15	—	4.16	1,213.99	—	—	—	—	—	—	—	1,213.99	1,218.15	
Land - Leasehold	2,362.17	0.42	—	2,362.59	360.86	45.15	—	406.01	—	—	—	—	1,956.58	
Buildings & Sidings	8,034.46	408.22	0.10	8,442.58	1,622.37	170.52	(15.85)	1,808.74	70.21	64.68	134.89	6,498.95	6,341.88	
Plant & Machinery	10,103.43	388.03	—	10,491.46	5,405.42	487.20	(3.49)	5,896.11	42.12	1.24	43.36	4,551.99	4,655.89	
Spares for Plant & Machinery	659.85	8.49	51.26	617.08	498.05	105.10	22.25	580.90	—	10.54	10.54	25.64	161.80	
Electrical Installation and Equipment	1,689.52	68.22	11.28	1,746.46	957.71	158.13	10.18	1,105.66	1.17	16.24	17.41	623.39	730.64	
Furniture and Fittings	513.65	19.15	11.73	521.07	362.39	31.54	10.86	383.07	—	—	—	138.00	151.26	
Typewriters, Accounting Machine and Office Equipment	1,499.58	226.94	66.62	1,659.90	1,162.15	149.51	63.56	1,248.10	—	1.14	1.14	410.66	337.43	
Tubewells, Tanks and Miscellaneous Equipment	803.58	66.52	0.67	869.43	475.65	33.22	0.65	508.22	3.88	0.02	3.90	357.31	324.05	
Vehicles	30.48	40.04	—	70.52	12.34	4.45	—	16.79	—	—	—	53.73	18.14	
<b>Total (A)</b>	<b>26,914.87</b>	<b>1,226.03</b>	<b>145.82</b>	<b>27,995.08</b>	<b>10,856.94</b>	<b>1,184.82</b>	<b>88.16</b>	<b>11,953.60</b>	<b>117.38</b>	<b>93.86</b>	<b>211.24</b>	<b>15,830.24</b>	<b>15,940.55</b>	

Balmer Lawrie & Co. Ltd.

**Schedules forming part of the Balance Sheet as at 31st March, 2008**

**SCHEDULE 4 (Contd.)**  
**(B) Assets held for Disposal**

**FIXED ASSETS** (In Rs./Lakhs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				IMPAIRMENT OF ASSETS		NET BLOCK	
	Original Cost as at 1st April 2007	Additions during the year	Total Cost of Items sold or scrapped/adjusted	Original Cost at 31st March 2008	Up to 31st March 2007	For the year	On items sold or scrapped/adjusted(*)	Total	As on 1st April 2007	For the year	Balance as on 31.3.2008	W.D.V. as at 31st March 2008
Land – Freehold	71.04	—	7.95	<b>63.09</b>	13.25	—	1.25	12.00	—	—	<b>51.09</b>	57.79
Buildings & Siding	453.78	—	151.09	<b>302.69</b>	181.54	—	68.84	112.70	—	—	<b>189.99</b>	272.24
Plant & Machinery	666.64	—	352.35	<b>314.29</b>	592.26	—	303.74	288.52	—	—	<b>25.77</b>	74.38
Spares for Plant & Machinery	78.46	—	—	<b>78.46</b>	78.46	—	—	78.46	—	—	—	—
Electrical Installation and Equipment	105.29	—	27.22	<b>78.07</b>	92.47	—	27.07	65.40	—	—	<b>12.67</b>	12.82
Furniture and Fittings	15.58	—	14.08	<b>1.50</b>	15.10	—	13.61	1.49	—	—	<b>0.01</b>	0.48
Typewriters, Accounting Machine and Office Equipment	9.05	—	5.82	<b>3.23</b>	9.05	—	5.82	3.23	—	—	—	—
Tubewells, Tanks and Miscellaneous Equipment	13.31	—	2.03	<b>11.28</b>	13.31	—	2.03	11.28	—	—	—	—
<b>Total (B)</b>	<b>1,413.15</b>	—	<b>560.54</b>	<b>852.61</b>	<b>995.44</b>	—	<b>422.36</b>	<b>573.08</b>	—	—	<b>279.53</b>	417.71
Grand – Total (A+B)	<b>28,328.02</b>	1,226.03	<b>706.36</b>	<b>28,847.69</b>	<b>11,852.38</b>	1,184.82	<b>510.52</b>	<b>12,526.68</b>	<b>117.38</b>	93.86	<b>211.24</b>	<b>16,109.77</b>
2006-2007	<b>27,908.52</b>	968.06	<b>548.56</b>	<b>28,328.02</b>	<b>11,017.23</b>	1,064.64	<b>229.49</b>	<b>11,852.38</b>	—	117.38	<b>117.38</b>	<b>16,358.26</b>

<b>2007-08</b>	<b>2006-07</b>
Depreciation for the year as above	1,064.64
Less : Prior Period Adjustment	2.66
Depreciation as per Profit & Loss Account	0.03

(\*) During the year there has been a diminution in value of Rs. Nil Lakhs (Rs. 54.65 Lakhs) ascertained by applying "lower of the net book value and net realisable value" which has been recognised in the Profit & Loss Account.

**Schedules forming part of the Balance Sheet as at 31st March, 2008**

**SCHEDULE 5**

**INVESTMENTS**

As at

31st March, 2007

	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>
<b>Unquoted, unless otherwise stated</b>				
<b>Long Term Investments</b>				
(a) Government Securities-at cost				
As per last account	—	—	0.56	
Less : Sold/Provision made during the year	—	—	(-) 0.56	—
(b) Trade Investments				
Fully paid-up at cost				
3,57,591 Equity Shares of Rs. 10 each in Bridge and Roof Co.(India) Ltd.	14.01	14.01		
1,95,900 Equity Shares of Rs. 10 each in Biecco Lawrie Ltd. (carried in books at a value of Re. 1)	—	—	—	
60,80,000 Equity Shares of Rs. 10 each in Transafe Services Ltd. (incl. 28,80,000 Equity shares received during 2007-08 as Bonus Shares)	320.00	320.00		
45,00,000 Ordinary Shares of Rs. 10 each in AVI-OIL India [P] Ltd.	450.00	450.00		
9,800 Shares of Dhs. 1000 each in Balmer Lawrie (UAE) LLC	890.99	890.99		
63,19,978 Equity Shares of Rs. 10 each in Balmer Lawrie-Van Leer Ltd. (#)	1,164.55	2,839.55	1,164.55	2,839.55
(c) Investment in Subsidiary Company				
Balmer Lawrie (UK) Ltd.				
Fully Paid up-at cost				
33,80,312 Ordinary Shares of Pound 1 each	1,874.06	1,874.06		
(d) Other Investments				
Fully paid up-at cost				
71 Equity Shares of Rs. 100 each in Duncan Brothers & Co. Ltd. (Quoted)	0.06	0.06		
172 1/2% Redeemable Registered Debentures of Rs. 100 each in the East India Clinic Ltd.	0.17	0.17		
280 5% Non-redeemable Debenture Stock 1957 of Rs. 100 each in the East India Clinic Ltd.	0.28	0.28		
Quoted Investment-at cost	0.51	0.51		
[Market value Rs. 0.15 Lakhs (2006/07 - Rs. 2126.67 Lakhs)]	0.06	1,164.61		
Unquoted Investment-at cost	4,714.06	3,549.51		
	4,714.12	4,714.12		

(#) Shares of Balmer Lawrie Van Leer Limited has been delisted from Stock Exchange during 2007-08.

**Schedules forming part of the Balance Sheet as at 31st March, 2008**

**SCHEDULE 6**

**INVENTORIES**

As at  
31st March, 2007

	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>
Raw Materials		<b>4,922.89</b>		4,764.44
Finished Products		<b>2,491.34</b>		1,971.53
Trading Goods		<b>24.45</b>		22.59
Work-in-Progress		<b>724.47</b>		853.84
Stock-in-Transit				
Raw Materials	<b>158.13</b>		13.69	
Finished Products	<b>99.45</b>	<b>257.58</b>	242.86	256.55
Stores and Spare Parts		<b>215.00</b>		157.00
Loose Tools		<b>0.22</b>		1.58
		<b>8,635.95</b>		<b>8,027.53</b>
		<b>—————</b>		<b>—————</b>

[Refer to policy 3 of Schedule 16 for method of valuation of Inventories]

**SCHEDULE 7**

**DEBTORS**

As at  
31st March, 2007

	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>
Debts due for more than six months				
Unsecured				
- Considered Good	<b>2,563.34</b>		2,432.89	
- Considered doubtful	<b>674.08</b>		306.75	
	<b>3,237.42</b>		<b>2,739.64</b>	
Less : Provision for Doubtful Debts	<b>674.08</b>	<b>2,563.34</b>	306.75	2,432.89
Other Debts				
Unsecured				
- Considered Good		<b>22,689.36</b>		17,337.88
		<b>25,252.70</b>		<b>19,770.77</b>
	<b>—————</b>	<b>—————</b>	<b>—————</b>	<b>—————</b>

**SCHEDULE 8**

**CASH AND BANK BALANCES**

As at  
31st March, 2007

	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>
Cash in hand [including cheques and stamps - Rs. 46.22 Lakhs (2006-07 - Rs. 167.85 Lakhs)]		<b>57.77</b>		191.16
With scheduled Banks				
In Current Accounts	<b>2,537.14</b>		2,572.16	
In Short term Deposit Account	<b>8,001.84</b>		2,000.70	
In Dividend Accounts	<b>59.66</b>	<b>10,598.64</b>	44.40	4,617.26
With Standard Chartered Bank, Dubai in Current Account [Maximum Amount at any time during the year Rs. 37.18 Lakhs (2006-07- Rs. 18.07 Lakhs)]		<b>37.18</b>		18.06
		<b>10,693.59</b>		<b>4,826.48</b>
	<b>—————</b>	<b>—————</b>	<b>—————</b>	<b>—————</b>

**Schedules forming part of the Balance Sheet as at 31st March, 2008**

**SCHEDULE 9**

	<b>LOANS AND ADVANCES</b>		As at 31st March, 2007	
	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>
Advances recoverable in Cash or in kind or for Value to be received - Considered Good Secured	<b>921.68</b>			912.03
[Due from Director and another officer - Rs. 3.61 Lakhs Maximum amount due at any time during the year - Rs. 6.79 lakhs (2006/07 - Due Rs. 6.72 Lakhs and Maximum amount due - Rs. 7.76 Lakhs)]				
Unsecured				
Subsidiary Company				
Balmer Lawrie (UK) Ltd.	—		2.97	
Holding Company				
Balmer Lawrie Investments Limited	<b>1.46</b>		0.62	
Others	<b>3,011.74</b>		3,339.54	
Considered Doubtful	<b>68.40</b>		52.49	
	<b>4,003.28</b>		4,307.65	
Less : Provision	<b>68.40</b>	<b>3,934.88</b>	52.49	4,255.16
Deposits - Unsecured				
Considered Good		<b>1,949.33</b>		1,427.99
Balance with Customs, Port Trust				
Central Excise, etc., Considered Good		<b>419.96</b>		367.77
		<b>6,304.17</b>		<b>6,050.92</b>

**SCHEDULE 10**

	<b>CURRENT LIABILITIES AND PROVISION</b>		As at 31st March, 2007	
	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>
Current Liabilities				
Sundry Creditors				
- Due to small scale industries		<b>45.50</b>		96.29
- Due to others		<b>29,210.45</b>		24,568.63
Amounts received in advance against contracts		<b>1,462.61</b>		964.91
Investor Education and Protection Fund shall be credited by the following amount namely :				
- Unclaimed Dividend		<b>59.66</b>		44.40
[Refer Note below]		<b>30,778.22</b>		<b>25,674.23</b>
Provisions				
Contingency				
As per last Account	<b>100.00</b>		81.00	
Provision made during the year	—		41.20	
	<b>100.00</b>		122.20	
Less : Transferred to Provision for Doubtful Debts/Inventory	<b>100.00</b>	—	22.20	100.00
Provision against Guarantee obligations	<b>1,352.50</b>		1,738.93	
Less : payment made during the year	<b>386.43</b>	<b>966.07</b>	386.43	1,352.50
Proposed Final Dividend		<b>2,768.63</b>		2,198.62
Taxation, net of Advance Payment		<b>3,394.45</b>		471.96
		<b>7,129.15</b>		<b>4,123.08</b>
		<b>37,907.37</b>		<b>29,797.31</b>

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 31st March, 2008**

<b>SCHEDULE 11</b>	<b>OTHER INCOME</b>	2006-2007
	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>
Income from Long Term Investments		
Trade Investments		
Dividend	<b>580.76</b>	176.35
Interest on Advances,		
Deposits, Deferred credit		
and Overdue debts	<b>718.00</b>	91.33
Profit on Disposal of Fixed Assets	<b>200.61</b>	67.96
Surrender of Leasehold Rights	<b>316.00</b>	144.00
Export Incentive	<b>19.41</b>	17.49
Rent	<b>274.80</b>	153.94
Packing and Despatching	<b>327.05</b>	325.15
Discount and Commission	<b>14.48</b>	27.88
Claims	<b>4.09</b>	9.24
Liabilities/Provisions no longer required written back	<b>417.01</b>	271.76
Sundries	<b>1,662.50</b>	752.26
	<b>4,534.71</b>	<b>2,037.36</b>

**Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2008**

**SCHEDULE 12**

**GENERAL EXPENDITURE**

	2006-2007	Rs./Lakhs	2006-2007	Rs./Lakhs
Salaries, Wages, Bonus, Pensions and Gratuity				
[includes Pensions to Ex-Directors Rs. 1.05 Lakhs (2006/07 - Rs. 1.42 Lakhs)]	6,938.12	5,486.00		
Contribution to Provident and Other Funds	743.72	677.17		
Workmen and Staff Welfare Expenses	663.34	606.17		
Manufacturing Expenses	493.35	392.42		
Excise Duty	142.79	83.61		
Consumption of Stores and Spare Parts	403.68	283.65		
Repairs and Maintenance				
Buildings	392.61	301.86		
Plant & Machinery	133.18	127.36		
Others	167.29	176.42		
Power and Fuel	1,200.01	1,053.57		
Electricity and Gas	170.30	174.47		
Rent	402.75	401.27		
Insurance	82.62	79.67		
Packing, Despatching, Freight and				
Shipping Charges	1,426.13	1,281.01		
Rates and Taxes	99.65	177.43		
Interest [Including Rs. 66.51 Lakhs on Fixed Loans (2006/07 - Rs. 111.35 Lakhs)]	295.47	366.50		
Auditor's Remuneration and Expenses	10.90	11.27		
Bad Debts written off	98.61	251.55		
Advances written off	5.54	7.16		
Fixed Assets written off	23.62	104.53		
Investments written off	—	0.47		
Provision for contingency	—	41.20		
Provisions for Debts, Deposits, Loans and				
Advances considered doubtful	474.14	147.29		
Impairment of fixed assets	93.86	117.38		
Loss on Disposal of Fixed Assets	8.65	80.21		
Selling commission	909.84	727.83		
Cash Discount	209.51	182.82		
Bank Charges and Discount	103.07	80.37		
Travelling Expenses	681.48	609.45		
Printing and Stationery	151.68	148.59		
Motor Car Expenses	71.08	72.96		
Telephone, Telex, Postage, Cables and Telegrams	233.55	229.28		
Donations	5.20	—		
Turnover Tax/Additional Tax on Sales Tax	—	59.69		
Amortisation of Deferred Revenue Expenditure (VRS)	300.88	459.70		
Miscellaneous Expenses	2,986.58	2,235.77		
	20,123.20	17,236.10		
Less : Provision for Debts, Deposits, Loans & Advances and Investments considered doubtful, written back	24.06	44.22		
	20,099.14	17,191.88		

**Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2008**

**SCHEDULE 13**

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

	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>
Stocks and Work-in-Progress				
Opening Balance				
Trading Goods	<b>22.59</b>			12.22
Work-in-Progress	<b>853.84</b>			572.41
Finished Products	<b>2,214.39</b>	<b>3,090.82</b>	<b>1,796.92</b>	<b>2,381.55</b>
Less : Closing Balance				
Trading Goods	<b>24.45</b>			22.59
Work-in-Progress	<b>724.47</b>			853.84
Finished Goods				
[including in transit				
Rs. 99.45 Lakhs				
(2006/07 - Rs. 242.86 Lakhs)]	<b>2,590.79</b>	<b>3,339.71</b>	<b>2,214.39</b>	<b>3,090.82</b>
		<b>(248.89)</b>		<b>(709.27)</b>

**SCHEDULE 14**

**PRIOR PERIOD ADJUSTMENTS**

	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>
Income		
Sales		
Manufactured Goods	<b>(-) 5.62</b>	—
Services	<b>(-) 0.07</b>	(-) 0.02
Other Income	<b>—</b>	<b>0.75</b>
	<b>(-) 5.69</b>	<b>0.73</b>
Expenditure		
Cost of Services	<b>—</b>	0.47
General Expenditure	<b>0.57</b>	(-) 1.93
Depreciation	<b>2.66</b>	0.03
	<b>3.23</b>	<b>(-) 1.43</b>
Net Debit	<b>8.92</b>	<b>(-) 2.16</b>

## Notes on Accounts

### SCHEDULE 15

- 15.1 (a) Fixed Deposit with bank amounting to Rs. 0.95 lakhs (Rs. 0.70 lakhs) are lodged with certain authorities as security.  
 (b) Conveyance deeds of certain land costing Rs.1,844.67 lakhs (Rs. 1,881.45 lakhs) and buildings, with written down value of Rs. 117.13 lakhs (Rs. 119.83 lakhs) are pending registration/mutation.  
 (c) Certain buildings & sidings with written down value of Rs. 3,655.07 lakhs (Rs. 3,638.73 lakhs) are situated on leasehold/rented land.
- 15.2 Contingent Liabilities as at 31st March, 2008 not provided for in the accounts are :  
 (a) Disputed demand for Excise Duty, Income Tax, Sales Tax and Service Tax amounting to Rs. 2,275.79 lakhs (Rs. 2,614.44 lakhs) against which the Company has lodged appeal/petition before appropriate authorities. Details of such disputed demands as on 31st March, 2008 are given in Annexure - A.  
 (b) Claims against the company not acknowledged as debts amounts to Rs. 756.38 lakhs (Rs. 659.43 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.
- 15.3 Counter guarantees given to Standard Chartered Bank, Bank of Baroda, Canara Bank, HSBC, State Bank of India, United Bank of India and Indusind Bank in respect of guarantees given by them amounts to Rs. 4,067.37 lakhs (Rs. 3,498.49 lakhs).
- 15.4 Estimated amount of contract remaining to be executed on Capital Accounts and not provided for (net of advances paid) amounted to Rs. 1,699.77 lakhs (Rs. 620.51 lakhs).
- 15.5 (a) Dues payable to small scale industries include the following debts exceeding Rs. 1 lakh which is outstanding for more than 30 days :

	Rs./Lakhs	Rs./Lakhs
Eastern Polycrafts Industries Ltd.	7.71	(10.17)
Flexi Pack India Pvt. Ltd.	5.04	(8.21)
Jaraikela L. (I) Pvt. Ltd.	3.75	(8.59)
MC Packaging Pvt. Ltd.	1.16	(2.02)
Blow Can Industries	—	(2.38)
Bengal Plastic & Engg. Works	2.69	(5.28)
Sangido Enterprises	3.77	(0.90)
Channel Plastics Pvt. Ltd.	5.04	(7.51)
Aristo Packers	1.36	(1.07)
Blow Packaging India	2.17	(4.35)
Plastic Processors	2.99	(0.05)
A. S. Shah	—	(1.14)
Gujarat Polypuenes	—	(3.65)
Ramanayaki & Co.	—	(1.08)
Kamini Engg. Works	1.29	—
<b>Total</b>	<b>36.97</b>	<b>(56.40)</b>

- (b) 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.

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.

- 15.6 The amount of exchange difference credited to Profit & Loss account is Rs. 145.61 lakhs [(-) Rs. 65.36 lakhs].
- 15.7 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.

**Notes on Accounts (Contd.)**

15.8 Remuneration of Managing Director and Wholetime Directors :

	Rs./Lakhs	Rs./Lakhs
Salaries	33.76	(26.81)
Contribution to Provident and Gratuity Fund	3.06	(3.56)
Perquisites	7.99	(8.17)
	<b>44.81</b>	<b>(38.54)</b>
	<b>=====</b>	<b>=====</b>

15.9 Auditors' remuneration and expenses :

Statutory Auditors			
- Audit Fees	2.50	(2.50)	
- Tax Audit Fees	0.45	(0.70)	
- Other Capacity for Limited Review and Other certification jobs	1.65	(1.65)	
Branch Auditors			
- Audit Fees	4.85	(5.03)	
- Other Capacity	—	—	
- Expenses relating to audit of Accounts	1.45	(1.39)	
	<b>10.90</b>	<b>(11.27)</b>	<b>=====</b>

Tax Audit fees payable to the statutory auditors in other capacity for the year 2007-08 are net of adjustment of excess provision made in 2006-07 amounting to Rs. 0.25 Lakhs.

15.10 Particulars in respect of goods manufactured :

(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	71,600 (71,600)	29,892 (23,371)	8,900 (8,639)	38,792 (32,010)
Barrels and Drums	Nos.	43,74,500 (39,54,000)	31,58,753 (26,07,900)	2,90,896 (9,83,364)	34,49,649 (35,91,264)
Blended Tea including Bulk, Packets and Tea Bags	M.T.	3,000 (3,000)	139 (835)	73 (38)	212 (873)
Leather Auxiliaries	M.T.	3,350 (3,350)	4,876 (4,810)	— (-)	4,876 (4,810)

- (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.
- (iii) Production of Barrels and Drums and Blended Teas does not include 2,400 Nos. (4,337 Nos.) and 457 M.T. (935 M.T.) respectively manufactured through outside parties.

**Notes on Accounts (Contd.)**

15.10 (b) Stock & Sale of Goods Manufactured (with own materials) :

Class of Goods	Unit	Opening		Closing		Sales	
		Qty.	Value	Qty.	Value	Qty.	Value
		Rs./Lakhs		Rs./Lakhs		Rs./Lakhs	
Grease & Lubricating Oils	M.T./	2,414	1,554.82	3,116	2,022.76	29,121	23,472.12
	K.L.	(2,511)	(1,315.70)	(2,414)	(1,554.82)	(23,342)	(17,819.89)
Barrels and Drums	Nos.	30,938	256.88	44,858	372.83	30,39,277	29,127.51
		(34,676)	(260.94)	(30,938)	(256.88)	(25,32,635)	(24,561.49)
Blended Teas including Bulk, Packets and Tea Bags	M.T.	255	129.95	46	25.25	804	649.11
		(5)	(9.40)	(255)	(129.95)	(1,519)	(1,058.49)
Leather Auxiliaries	M.T.	488	249.76	300	153.52	5,064	3,325.43
		(265)	(146.95)	(488)	(249.76)	(4,587)	(2,900.88)
Others including Manufacturing Scrap			22.33		16.43		1,019.95
			(63.86)		(22.33)		(1,486.68)
			2,213.74		2,590.79		57,594.12
			(1,796.85)		(2,213.74)		(47,827.43)

Sales do not include Greases & Lubricating Oils 69 MT/KL (126 MT/KL), Barrels and Drums 1,07,956 Nos. (83,340 Nos.) and Blended Teas 1 MT (1 MT) internally consumed.

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

Class of Goods	Unit	Opening		Closing		Sales	
		Qty.	Value	Qty.	Value	Qty.	Value
		Rs./Lakhs		Rs./Lakhs		Rs./Lakhs	
Greases & Lubricating Oils	M.T./K.L	—	—	—	—	8,900	2,446.89
		(—)	(—)	(—)	(—)	(8,639)	(2,283.10)
Barrels and Drums	Nos.	10,278	0.64	—	—	3,01,174	254.95
		(1,455)	(0.08)	(10,278)	(0.64)	(9,74,541)	(743.42)
Blended Teas including Bulk, Packets and Tea Bags	M.T.	—	—	—	—	73	26.75
		(—)	(—)	(—)	(—)	(38)	(13.65)
			0.64		—		2,728.59
			(0.08)		(0.64)		(3,040.17)

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

	Unit	Quantity	Value
			Rs./Lakhs
Steel	M.T.	58,245	19,770.68
		(52,166)	(15,399.50)
Lubricating Base Oils	K.L	25,177	8,083.85
		(18,768)	(6,484.79)
Additives and other Chemicals	M.T./K.L.	4,590	2,782.43
		(4,567)	(2,606.55)
Vegetable and Other Fats	M.T.	2,676	1,383.64
		(2,934)	(1,275.11)
Tea	M.T.	796	194.01
		(1,485)	(1,139.65)
Drum Closures	Set	28,24,192	726.97
		(26,82,302)	(596.70)
Paraffin Wax	M.T.	1,023	564.33
		(1,023)	(520.09)
Paints	Ltr.	7,51,030	641.96
		(6,84,886)	(474.42)
Others			3,308.81
			(2,933.83)
			37,456.68
			(31,430.64)

**Notes on Accounts (Contd.)**

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

	Rs./Lakhs	(%)	Rs./Lakhs	(%)
Imported	1,663.92	4.39	(1,582.82)	(4.99)
Indigenous	36,196.44	95.61	(30,131.48)	(95.01)
	<b>37,860.36</b>	<b>100.00</b>	<b>(31,714.30)</b>	<b>(100.00)</b>

15.13 (a) Purchase and Sale of Trading Goods :

Class of Goods	Unit	Purchase		Sales	
		Quantity	Value Rs./Lakhs	Quantity	Value Rs./Lakhs
Leather Auxiliaries	M.T.	54 (46)	40.87 (71.08)	26 (39)	56.27 (62.83)
Speciality Containers	Nos.	— (11)	— (37.96)	— (11)	— (37.86)
Oil Well Cement	MT	— (367)	— (23.55)	— (367)	— (26.39)
Lids	Nos.	2,91,300 (9,28,400)	8.62 (25.03)	2,91,300 (9,86,400)	6.08 (20.54)
			<b>49.49</b> <b>(157.62)</b>		<b>62.35</b> <b>(147.62)</b>

Sales do not include Leather Chemicals 31 MT (Nil MT) used for internal consumption.

15.13 (b) Stock of Trading Goods :

Class of Goods	Unit	Opening		Closing	
		Quantity	Value Rs./Lakhs	Quantity	Value Rs./Lakhs
Leather Auxiliaries	M.T.	20 (13)	22.56 (10.99)	17 (20)	24.42 (22.56)
Lids		1,200 (59,200)	0.03 (1.23)	1,200 (1,200)	0.03 (0.03)
Total			<b>22.59</b> <b>(12.22)</b>		<b>24.45</b> <b>(22.59)</b>

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

	Rs./Lakhs	Rs./Lakhs
Raw Materials	<b>1,859.30</b>	(1,537.86)
Components and Spare Parts	<b>20.32</b>	(30.54)
Capital Goods	<b>10.77</b>	(65.25)
Turnkey Purchases	<b>28.25</b>	(15.38)
Trading Goods	<b>76.30</b>	(58.12)
	<b>1,994.94</b>	(1,707.15)

15.14 (b) Expenditure in Foreign Currency :

Purchases —		
Raw Materials	<b>1,868.36</b>	(1,311.51)
Capital Goods	<b>10.77</b>	(65.25)
Turnkey Projects	<b>28.25</b>	(15.38)
Services	<b>11,424.14</b>	(10,282.07)
Others	<b>117.83</b>	(118.19)
	<b>13,449.35</b>	(11,792.40)

**Notes on Accounts (Contd.)**

	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>
15.14 (c) Earnings in Foreign Currency :		
Export of Goods and Components		
calculated on F.O.B basis as invoiced	681.58	(589.95)
Interest and Dividend	442.33	(262.55)
Services	232.67	(163.31)
Freight, Insurance, Exchange Gain and		
Miscellaneous items	14.58	(251.35)
	<u>1,371.16</u>	<u>(1,267.16)</u>

Earnings from services exclude deemed exports of Rs. 103.34 Lakhs (Rs. 328.79 lakhs).

15.15 Research and Development expenditure charged to Profit & Loss Account during the year 2007-08 amounts to Rs. 219.53 lakhs (Rs. 190.74 lakhs).

15.16 The company during the year 2007-08 was sanctioned a grant of Rs. 310.20 Lakhs in connection with the celebration of 150th anniversary of India's 1st war of Independence 1857 on the instruction of Ministry of Youth and Sports, Govt. of India. The Company has complied with the conditions relating to the purpose of the grant, maintenance of separate accounts for the grant and verification of and use of the Grant. The actual Grant utilization of Rs. 278.54 Lakhs has been claimed from the Ministry of Youth and Sports. This has been shown under Sundry Income in the Profit & Loss Account and the expenses there against under normal heads of expenditure. Unutilised balance of the grant at the year end is Rs. Nil.

15.17 Operations at the Lube Blending Plant at Taloja remain suspended due to unremunerative orders.

15.18 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.

**15.19 Employee Benefits**

Consequent to Accounting Standard 15 on Employee Benefits (Revised) issued by the Institute of Chartered Accountants of India becoming 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, Long Service Awards and Leave Travel Assistance 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.

**15.20 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.

**15.21 Related Party Disclosure**

i) <b>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
Balmer Lawrie (Tea) Ltd.	Wholly owned subsidiary of Balmer Lawrie (U.K.) Ltd.
Proseal Closures Ltd.	Subsidiary of Balmer Lawrie Van Leer Ltd.
Shri S K Mukherjee, Managing Director	Key Management Personnel
Shri P Radhakrishnan, Director (Calcutta)	Key Management Personnel
Shri V N Sharma, Director (Bombay)	Key Management Personnel
Shri K Subramanyan, Director (Finance)	Key Management Personnel

**Notes on Accounts (Contd.)**

ii) **Transactions with Related Parties**

(Rs./Lakhs)

Type of Transaction	31/03/08	Holding Company	Subsidiary	Joint Ventures	Key	
					Management Personnel	TOTAL
a) Sale of Goods	31/03/08	0.91	237.08	2.63	–	240.62
	31/03/07	0.90	227.47	282.98	–	511.35
b) Purchase of Goods	31/03/08	–	–	724.23	–	724.23
	31/03/07	–	27.65	666.22	–	693.87
c) Value of Services Rendered	31/03/08	14.14	–	395.36	–	409.50
	31/03/07	11.85	–	472.75	–	484.60
d) Value of Services Received	31/03/08	–	–	27.54	46.95	74.49
	31/03/07	–	–	20.31	40.78	61.09
e) Income from leasing or hire purchase agreement	31/03/08	–	–	10.55	–	10.55
	31/03/07	–	–	8.59	–	8.59
f) Expenses from leasing or hire purchase agreement	31/03/08	–	–	–	–	–
	31/03/07	–	–	–	–	–
g) Investment in shares as on	31/03/08	–	1,874.06	2,825.54	–	4,699.60
	31/03/07	–	1,874.06	2,825.54	–	4,699.60
h) Loans given as on	31/03/08	–	–	–	3.61	3.61
	31/03/07	–	–	–	4.24	4.24
i) Dividend Income	31/03/08	–	–	580.67	–	580.67
	31/03/07	–	–	176.26	–	176.26
j) Interest Income	31/03/08	–	–	–	0.04	0.04
	31/03/07	–	–	–	0.05	0.05
k) Amount received on a/c. of salaries, etc. of Employees deputed or otherwise	31/03/08	5.29	1.50	24.47	–	31.26
	31/03/07	5.06	2.10	1.22	–	8.38
l) Guarantee given during the year ended	31/03/08	–	–	–	–	–
	31/03/07	–	–	–	–	–
m) Net outstanding recoverable as on	31/03/08	1.45	0.21	238.51	3.61	243.78
	31/03/07	0.62	230.13	209.47	4.24	444.46
n) Net outstanding payable as on	31/03/08	–	–	142.34	–	142.34
	31/03/07	–	0.33	70.70	–	71.03
o) Balance outstanding against guarantee given as on	31/03/08	–	–	966.07	–	966.07
	31/03/07	–	–	1,352.50	–	1,352.50
p) Write-offs made during the year ended on	31/03/08	–	–	–	–	–
	31/03/07	–	–	0.11	–	0.11
q) Write-back made during the year ended on	31/03/08	–	–	–	–	–
	31/03/07	–	–	0.03	–	0.03

### Notes on Accounts (Contd.)

15.22 The Engineering & Technology Services Division of the Company had during the year 2007-08 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 :

	2007-08	2006-07
	Rs./Lakhs	Rs./Lakhs
(a) Amount of contract revenue recognized as revenue in the period	4,847.84	4,305.06
(b) Method used to determine the contract revenue recognized in the period	Percentage Completion Method Based on certification of physical progress	
(c) Methods used to determine the stage of completion of contracts in progress		
(d) Aggregate amount of costs incurred and recognized profits (less recognized losses) upto the reporting date for contracts in progress		
- Costs incurred	2,682.14	6,228.31
- Recognised Profit	126.84	(-) 184.92
(e) Advances received for contracts in progress	—	8.95
(f) Amount of retentions for contracts in progress	246.08	313.57
(g) Gross amount due from customers for contract work as an asset	NIL	NIL
(h) Gross amount due to customers for contract work as a liability	NIL	NIL

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.

15.23 The Company has reviewed the depreciation policies followed for certain items of fixed assets vis-à-vis its useful life/circumstances prevailing in the business. Based on such technical review, it is felt that in order to have a more appropriate preparation and presentation of the financial statements of the company, there is a need for an upward revision in the rates of depreciation being charged on these assets. Accordingly the depreciation rates on these assets have been revised [as referred to in Accounting Policy 16.1.(f)] with retrospective effect. The effect of such changes amount to Rs. 138.66 lakhs and considering the turnover, fixed assets and Profit Before Tax of the company this is considered not to have material impact on the financial statements of the Company.

#### 15.24 Segment Reporting

Information about business segment for the year ended 31st March, 2008 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.

#### 15.25 Earnings per Share

- (i) Earnings per share of the company has been calculated considering the Profit after Taxation of Rs. 8,692.67 lakhs (Rs. 7,022.17 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 Rs. 10.
- (iii) The nominal value of shares is Rs. 1,628.61 lakhs (Rs. 1,628.61 lakhs) and the earnings per share (Basic and Diluted) for the year on the above mentioned basis comes to Rs. 53.37 (Rs. 43.12)

#### 15.26 Accounting for Deferred Taxation

The major components of the net deferred tax liability are :

	2007-08	2006-07
	Rs./Lakhs	Rs./Lakhs
<b>Net Opening Balance [A]</b>	<b>2470.08</b>	<b>2770.08</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	8.18	15.03
b) Adjustments for VRS expenditure	—	21.51
c) Adjustment for Tax rate Difference	24.22	27.16
Less :		63.70
i) Fixed Assets written-off in accounts	8.03	32.14
ii) Depreciation Allowance	99.74	81.07
iii) Adjustment for VRS expenses	45.88	—
iv) Superannuation Contribution charged off	102.45	102.45
v) Provision for Leave/LTA/PRMBS, PF, etc.	54.15	51.62
vi) Adjustment for Tax rate Difference	—	—
vii) Impairment of Assets	31.91	39.90
viii) Provision for Salary revision	589.08	—
ix) Provision for loans, debts, deposits & advances	161.16	56.52
<b>Net Deferred Tax Liability for the year [B]</b>	<b>(-) 1092.40</b>	(으) 363.70
<b>Balance of Deferred Taxation liability [A+B]</b>	<b>(-) 1060.00</b>	(으) 300.00
	<b>1410.08</b>	<b>2470.08</b>

**Notes on Accounts (Contd.)**

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

<b>Name of Joint Venture Company</b>	<b>Proportion of Shareholding</b>	<b>Country of Incorporation</b>
Balmer Lawrie (UAE) Llc.	49%	United Arab Emirates
Balmer Lawrie Van Leer Ltd.	40%	India
Transafe Services Ltd.	29%	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 Rs. 2,029.13 lakhs (Rs. 913.48 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	Rs. 24,525.74 lakhs	(Rs. 12,921.47 lakhs)
Liabilities	Rs. 8,734.45 lakhs	(Rs. 6,071.70 lakhs)
Income	Rs. 27,584.16 lakhs	(Rs. 24,679.75 lakhs)
Expenses	Rs. 26,402.93 lakhs	(Rs. 23,992.87 lakhs)

**15.28 Cost of Services is comprised of :**

	<b>Rs./Lakhs</b>	<b>Rs./Lakhs</b>
Air/Rail travel costs	<b>52,444.84</b>	(45,900.16)
Air/Ocean freight	<b>17,986.49</b>	(17,754.60)
Transportation/Handling	<b>1,972.95</b>	(1,962.81)
Other Service charges	<b>399.07</b>	(211.11)
	<b>72,803.35</b>	(65,828.68)
	<b>=====</b>	<b>=====</b>

**15.29 Capital Work in Progress as at the Balance Sheet date is comprised of :**

<b>Asset Classification (*)</b>	<b>Rs./Lakhs</b>	<b>Rs./Lakhs</b>
Building	<b>238.11</b>	(3.87)
Plant & Machinery	<b>253.26</b>	(61.61)
Electrical Installation & Equipment	<b>68.72</b>	(10.22)
Furniture & Fittings	<b>6.95</b>	(-)
Typewriters, Accounting Machine & Off. Equipment	<b>8.46</b>	(3.13)
Tubewells, Tanks & Misc. Equipment	<b>5.67</b>	(1.33)
	<b>581.17</b>	(80.16)
	<b>=====</b>	<b>=====</b>

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

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

**15.31 (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 16

#### 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 realizable 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 33.33% per annum and (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.
- 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 Rs. 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.
  - ii) Dividend from investments in - on establishment of the Company's right to receive shares

#### 5. Employee Benefits

- a) Company's contributions to Provident 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 to March, 2005 - Sixty equal monthly instalments.

## Significant Accounting Policies (Contd.)

- b) Compensation under Voluntary Retirement/ Separation Scheme with effect from 1st April, 2005 - Charged off in the same financial year.
  - c) The balance of deferred revenue expenditure at the year end to the extent not written off or adjusted in respect of (a) above is carried forward in the Balance Sheet as Miscellaneous Expenditure. The balance of deferred revenue expenditure will be written off during the years 2008-09 and 2009-10.
- 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) 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) Current assets (other than inventories) and current liabilities are translated at the exchange rate prevailing on the date of Balance Sheet other than those covered with forward contract.
- c) 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.

**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.
- 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 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.

Signature to Schedules 1 to 14

As per our report attached

For GUPTA & CO.  
Chartered Accountants

S. K. GANGULI  
Partner

Membership No. 6622  
Kolkata, the 16th June, 2008

S. K. Mukherjee  
Managing Director

M. Singh  
P. Radhakrishnan  
V. N. Sharma  
K. Subramanyan  
Directors

Amit Ghosh  
Secretary

PART - I

**Statement of Disputed Dues as on 31st March, 2008**

**ANNEXURE - A**

Name of the Statute	Nature of the Dues	Amount (Rs./Lakhs)		Period to which the amount relates	Forum where dispute is pending
		2007-08	2006-07		
Sales Tax Act	Sales Tax	17.67	17.67	Asst. Yr. 1994/95	Tribunal, Mumbai
		1.55	1.55	Asst. Yr. 1994/95	Tribunal, Mumbai
		—	2.43	Asst. Yr. 1991/92	Tribunal, Agra
		—	1.68	Asst. Yr. 1992/93	Tribunal, Agra
		2.03	2.03	Asst. Yr. 1996/97	Dy. Commissioner, Mumbai
		9.50	9.50	Asst. Yr. 1996/97	Dy. Commissioner, Mumbai
		7.15	7.15	Asst. Yr. 1996/97	Dy. Commissioner, Mumbai
		0.56	0.56	Asst. Yr. 1997/98	Dy. Commissioner, Mumbai
		2.00	2.00	Asst. Yr. 1996/97	Dy. Commissioner, Mumbai
		21.21	21.21	Asst. Yr. 1997/98	Dy. Commissioner, Mumbai
		0.50	0.50	Asst. Yr. 1997/98	Dy. Commissioner, Mumbai
		0.82	0.82	Asst. Yr. 1997/98	Dy. Commissioner, Mumbai
		0.52	0.52	Asst. Yr. 1998/99	Dy. Commissioner, Mumbai
		9.67	9.67	Asst. Yr. 1998/99	Dy. Commissioner, Mumbai
		0.40	0.40	Asst. Yr. 1998/99	Dy. Commissioner, Mumbai
		1.02	1.02	Asst. Yr. 1998/99	Dy. Commissioner, Mumbai
		0.35	0.35	Asst. Yr. 1999/00	Dy. Commissioner, Mumbai
		2.02	2.02	Asst. Yr. 1999/00	Dy. Commissioner, Mumbai
		1.54	1.54	Asst. Yr. 1999/00	Dy. Commissioner, Mumbai
		1.79	1.79	Asst. Yr. 1999/00	Dy. Commissioner, Mumbai
		5.78	5.78	Asst. Yr. 2000/01	Dy. Commissioner, Mumbai
		0.90	0.90	Asst. Yr. 2000/01	Dy. Commissioner, Mumbai
		0.61	0.61	Asst. Yr. 2001/02	Dy. Commissioner, Mumbai
		8.08	8.08	Asst. Yr. 2000/01	Dy. Commissioner, Mumbai
		4.85	4.85	Asst. Yr. 2001/02	Dy. Commissioner, Mumbai
		1.35	1.35	Asst. Yr. 2000/01	Dy. Commissioner, Mumbai
		1.68	1.68	Asst. Yr. 2001/02	Dy. Commissioner, Mumbai
		1.37	1.37	Asst. Yr. 2001/02	Dy. Commissioner, Mumbai
		3.78	3.78	Asst. Yr. 1996/97 (WBST Act. 94)	Appellate & Revisional Board
		51.55	51.55	Asst. Yr. 2001/02 (WBST Act. 94)	Dy. Commissioner, West Bengal
		73.47	73.47	Asst. Yr. 2001/02 (WBST Act. 56)	Dy. Commissioner, West Bengal
		12.26	194.72	Asst. Yr. 2002/03 (WBST Act. 94)	Dy. Commissioner, West Bengal
		13.05	159.09	Asst. Yr. 2002/03 (CST Act. 56)	Dy. Commissioner, West Bengal
		127.87	127.87	Asst. Yr. 2003/04 (WBST Act. 94)	Dy. Commissioner, West Bengal
		75.90	75.90	Asst. Yr. 2003/04 (CST Act. 56)	Dy. Commissioner, West Bengal
		—	1.65	Asst. Yr. 2003/04	Jt. Commissioner (Appeals), Mathura
		—	1.42	Asst. Yr. 2004/05	Jt. Commissioner (Appeals), Mathura
		3.85	3.85	Asst. Yr. 1988/89	CTO, Kochin
		0.96	0.96	Asst. Yr. 1990/91	CTO, Kochin
		0.59	0.59	Asst. Yr. 1991/92	CTO, Kochin
		0.99	0.99	Asst. Yr. 1992/93	CTO, Kochin
		13.17	13.17	Asst. Yr. 1992/93	CTO, Kochin
		69.38	69.38	Asst. Yr. 1993/94	CTO, Kochin
		9.34	9.34	Asst. Yr. 1993/94	CTO, Kochin
		0.84	0.84	Asst. Yr. 1994/95	CTO, Kochin
		5.13	5.13	Asst. Yr. 1995/96	CTO, Kochin
		2.25	2.25	Asst. Yr. 2005/06	CTO, Kochin
		6.63	9.01	Asst. Yr. 2005/06	CTO, Kochin
		15.62	15.62	Asst. Yr. 1993/94	Appellate Tribunal, Kochin
		1.82	1.82	Asst. Yr. 2003/04	Asst. Commissioner, Chennai
		14.65	14.65	Asst. Yr. 1998/99	AAC, Chennai
		18.26	—	Asst. Yr. 2004/05	Dy. Commissioner, West Bengal
		93.89	—	Asst. Yr. 2004/05	Dy. Commissioner, West Bengal
		9.76	—	Asst. Yr. 1998/99	AAC, Chennai
Sub Total		729.93	946.07		

**PART – I**

**Statement of Disputed Dues as on 31st March, 2008**  
**(Not provided for in the accounts)**

**ANNEXURE – A**

<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount (Rs./Lakhs)</b>		<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
		<b>2007-08</b>	<b>2006-07</b>		
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
		—	534.89	Jul 00 to Dec. '02	CESTAT
		—	12.81	Jan 03 to Jul 03	CESTAT
		11.21	10.49	May 2004	CESTAT
		264.20	252.54	Jul 00 to Dec 02	Commissioner, Mumbai
		40.49	38.51	Feb. 2004	Jt. Commissioner, Mumbai
		1.12	1.08	March 2006	Asstt. Commissioner, Mumbai
		0.88	0.84	March 2006	Asstt. Commissioner, Mumbai
		12.61	12.01	Jan. 2006	Asstt. Commissioner, Mumbai
		3.97	1.98	March 2006	Asstt. Commissioner, Mumbai
		—	2.70	March 2006	Asstt. Commissioner, Mumbai
		1.82	1.94	March 2006	Commissioner(Appeal), Mumbai
		41.50	41.50	March 2006	Commissioner, Mumbai
		2.90	—	Apr. 02 to Jun 06	Commissioner, Mumbai
		0.51	—	Jul 06 to Feb 07	Commissioner, Mumbai
		0.80	—	Mar 07 to Dec 07	Asstt. Commissioner, Mumbai
		102.74	—	Jun 06 to Mar 07	Jt. Commissioner, Mumbai
		14.73	—	Apr 07	Jt. Commissioner, Mumbai
		0.21	—	Apr 08	Dy. Commissioner (Central Excise)
		3.30	—	March 2002	Asstt. Commissioner, Mumbai
		9.07	—	March 2007	CESTAT
		27.18	—	March 2006	Commissioner (Appeal), Mumbai
	<b>SUB TOTAL</b>	<b>909.00</b>	<b>1,281.05</b>		
Cess		65.77	60.84	Asst. Yr. 1999/00	High Court, Mumbai
		54.11	49.97	Asst. Yr. 2000/01	High Court, Mumbai
SUB TOTAL		<b>119.88</b>	<b>110.81</b>		
Service Tax Act	Service Tax	227.88	129.12	Aug 02 - March 05	Commissioner of Central Excise (Adjn)
		136.85	71.86	April 05 - March 06	- Do -
		—	75.53	May 05 - March 06	Commissioner of Central Excise, Customs & S. Tax Raigad Commissionerate
		144.26	—	July, 2007	- Do -
		1.14	—	November 2007	Joint Commissioner (Service Tax) West Bengal
		6.85	—	November 2007	- Do -
		516.98	276.51		
	<b>GRAND TOTAL</b>	<b>2,275.79</b>	<b>2,614.44</b>		

**PART – II**

**Statement of Disputed Dues as on 31st March, 2008**  
**(Fully provided for in the accounts)**

<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount (Rs./Lakhs)</b>		<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
		<b>2007-08</b>	<b>2006-07</b>		
Indian Stamp Act	Stamp Duty	90.92	90.92	2002/03	High Court, Mumbai

Annexure – C (Note 15-24)

**Information About Business Segments for the year ended 31st March, 2008**

										(In Rs./Lakhs)		
Industrial Packaging			Logistics Infrastructure & Services			Travel and Tours			Greases and Lubricants		Others	Consolidated Total
2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	2007-2008	2006-2007	
<b>SEGMENT REVENUE</b>												
External Revenue	27,403.05	23,060.35	32,850.49	31,637.78	55,741.55	48,716.73	21,994.81	17,022.87	9,214.88	8,783.30	1,47204.78	1,29,221.03
Inter-Segment Revenue	889.60	674.61	42.98	34.48	35.52	23.93	37.58	33.80	14.74	27.13	1,022.42	793.95
Total Segment Revenue	28,292.65	23,734.96	32,893.47	31,672.26	55,778.07	48,740.66	22,033.39	17,056.67	9,229.62	8,810.44	1,48,227.20	1,30,014.98
Less :												
Inter-Segment Revenue												1,022.42
Add :												793.95
Other Unallocable Revenue												1,812.76
<b>TOTAL REVENUE</b>												807.54
<b>SEGMENT RESULT</b>												
Profit/(Loss) before Interest & Tax	2,053.77	2,483.34	8,605.20	7,888.49	1,756.56	1,575.04	1,954.37	1,008.18	297.51	(275.04)	14,667.41	12,680.01
Less :												
Interest Expense												295.47
Prior Period Adjustment												366.50
Other Unallocable Expenditure (net of Unallocable Revenue)												8.92 (2.16) 1,699.49
<b>TOTAL PROFIT BEFORE TAX</b>												1,320.35
<b>OTHER INFORMATION</b>												13,042.67
Segment Assets	13,560.17	11,434.51	11,862.46	11,904.63	10,839.52	7,769.18	12,029.33	10,120.96	7,523.93	8,186.66	55,815.41	49,415.94
Other Unallocable Assets												16,622.87
Total Assets												72,443.28
Segment Liabilities	4,628.13	2,917.40	11,041.47	9,676.76	2,880.93	3,007.44	5,636.19	4,295.02	1,336.33	1,900.99	25,523.05	21,797.61
Other Unallocable Liabilities												12,384.32
Total Liabilities												37,907.37
Capital Expenditure	561.05	275.26	579.69	320.87	40.60	17.27	104.63	66.30	448.96	305.27	1,734.93	984.97
Depreciation	339.95	327.99	321.47	297.74	46.13	28.12	203.99	180.82	270.62	229.94	1,182.16	1,064.61
Impairment loss on Fixed Assets	93.86	0.00	0.00	117.38	0.00	0.00	0.00	0.00	0.00	0.00	93.86	117.38
Amortisation of Deferred Assets												
Revenue Expenditure	115.66	159.12	32.41	62.80	9.47	18.94	46.92	57.16	96.42	161.68	300.88	459.70

**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 & Tours –	Travel ('Ticketing'), Tours & Money Changing Activities
Greases & Lubricants –	Greases & Lubricating Oils
Others –	Engineering & Technology Services, Tea Blending & Packaging, Leather Chemicals etc.
2. 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.

**Balmer Lawrie & Co. Ltd.**

## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

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

### II. Capital raised during the year (Amount in Rs. 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 Rs. Lakhs)

Total Liabilities	3   4   5   3   6	Total Assets	3   4   5   3   6
<b>SOURCES OF FUND</b>			
Paid up Capital	1   6   2   9	Reserve & Surplus	3   0   8   5   5
Secured Loans	0   6   4   2	Unsecured Loans	0   0   0   0   0
Deferred Taxation Provision	1   4   1   0		
<b>APPLICATION OF FUNDS</b>			
Net Fixed Assets	1   6   8   1   9	Investments	0   4   7   1   4
Net Current Assets	1   2   9   7   9	Misc. Expenditure	0   0   0   2   4
Accumulated Losses	0   0   0   0   0		

### IV. Performance of the Company (Amount in Rs. Lakhs)

Turnover	1   4   9   0   1   8	Total Expenditure	1   3   5   9   7   5
Profit/(Loss) Before Tax	1   3   0   4   3	Profit/(Loss) After Tax	0   8   6   9   3
Earning Per Share (in Rs.)	0   5   3	Dividend Rate (%)	1   7   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   0   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.

For GUPTA & CO.  
Chartered Accountants

S. K. GANGULI  
Partner

Membership No. 6622  
Kolkata, the 16th June, 2008

S. K. Mukherjee  
Managing Director

M. Singh  
P. Radhakrishnan  
V. N. Sharma  
K. Subramanyan  
Directors

Amit Ghosh  
Secretary

**Cash Flow Statement for the year ended 31st March, 2008**

	Year Ended March 31, 2008	(Rupees in lakhs) Year Ended March 31, 2007
<b>A. Cash Flow from operating activities</b>		
Net Profit before tax [Note 1]	12851	10628
Adjustment for		
Depreciation and fixed assets written off	1210	1170
Foreign Exchange	(1)	—
Impairment loss on fixed assets	94	117
Interest/Dividend	(286)	190
Investment written off	—	1
Deferred Revenue Expenditure (charged off during the year)	301	460
<b>Operating Profit Before Working Capital Changes</b>	14169	12566
Trade and other receivables	(5736)	(2057)
Inventories	(608)	(32)
Trade Payables	4568	1926
<b>Cash generated from operations</b>	12393	12403
Direct Taxes paid	(2584)	(3907)
Interest paid	(228)	(255)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	9581	8241
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(1701)	(1048)
Sale of Fixed assets	364	202
Dividend received	581	439
<b>NET CASH FROM INVESTING ACTIVITIES</b>	(756)	(407)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	(333)	(2794)
Interest paid on Long Term Borrowings	(67)	(111)
Dividend paid	(2183)	(1462)
Corporate Tax on Dividend	(374)	(206)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	(2957)	(4573)
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	5868	3261
<b>CASH &amp; CASH EQUIVALENTS – OPENING BALANCE</b>	4826	1565
<b>CASH &amp; CASH EQUIVALENTS – CLOSING BALANCE</b>	10694	4826

As per our Report attached

For GUPTA & CO.  
*Chartered Accountants*

S. K. GANGULI  
*Partner*

Membership No. 6622  
Kolkata, the 16th June, 2008

S. K. Mukherjee  
*Managing Director*

M. Singh  
P. Radhakrishnan  
V. N. Sharma  
K. Subramanyan  
*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.

	(Rupees in lakhs)	
	2007-2008	2006-2007
<b>2. Net Profit after tax as per Profit &amp; Loss Account</b>	<b>8693</b>	7022
Add : Tax Provision (Net)	4350	3594
	<b>13043</b>	10616
Less : Profit/(Loss) on disposal of fixed assets (net)	192	(12)
Net profit before tax	<b>12851</b>	10628
		<b>10628</b>
<b>3. Changes in Working Capital – computation (Excluding items shown separately)</b>		
<b>Current Assets</b>		
Sundry Debtors	25253	19771
Loans & Advances	6305	6051
Inventories	8636	8028
	<b>40194</b>	33850
<b>Current Liabilities</b>		
Trade Payable	31370	26802
Net Current Assets	8824	7048
Changes	<b>1776</b>	163
		<b>163</b>
<b>4. Component of Cash and Cash equivalent</b>		
Cash and Bank Balances	10694	4826
Cash Credit/Demand Loan	10694	4826
Changes	<b>5868</b>	3261

As per our Report attached

For GUPTA & CO.  
*Chartered Accountants*

S. K. GANGULI  
*Partner*  
Membership No. 6622  
Kolkata, the 16th June, 2008

S. K. Mukherjee  
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M. Singh  
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K. Subramanyan  
*Directors*

Amit Ghosh  
*Secretary*

**Statement Regarding Subsidiary Company**

**Pursuant of Section 212 (1) and (3) of the Companies Act, 1956**

**Converted**

<b>BALMER LAWRIE (UK) LTD.</b>	<b>USD</b>	<b>@ Rs. 39.36/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	21,00,83,134
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, 2008	9,14,378	3,59,89,918
II) for the previous financial years (cumulative)	21,90,064	8,62,00,919
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, 2008	Nil	Nil
II) for the previous financial years	Nil	Nil

For GUPTA & CO.  
*Chartered Accountants*

S. K. GANGULI  
*Partner*  
Membership No. 6622  
Kolkata, the 16th June, 2008

S. K. Mukherjee  
*Managing Director*

M. Singh  
P. Radhakrishnan  
V. N. Sharma  
K. Subramanyan  
*Directors*

Amit Ghosh  
*Secretary*

**The following particulars as on 31st March, 2008 are provided pursuant to the direction of the Ministry of Company affairs vide their letter no. 47/118/2008 – CL-III dated 25th June, 2008 relating to Balmer Lawrie (UK) Limited**

<b>BALMER LAWRIE (UK) LIMITED</b>	<b>USD</b>	<b>Converted @ Rs. 39.36 / USD</b>
(a) Share Capital	53,37,478	21,00,83,134
(b) Reserves and Surplus	28,83,262	11,34,85,192
(c) Total Assets	85,99,959	33,84,94,386
(d) Total Liabilities	3,79,219	1,49,26,060
(e) Details of Investments (except in case of Investment in Subsidiary)	—	—
(f) Turnover	43,85,496	17,26,13,123
(g) Profit/(-) Loss before Taxation	11,71,752	4,61,20,159
(h) Provision for Taxation	2,57,374	10,130,241
(I) Profit/(-) Loss after Taxation	9,14,378	3,59,89,918
(j) Proposed Dividend	—	—

**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 31st March, 2008 is furnished in Indian  
Rupees converted at the exchange rate as on 31.03.2008 – Rs. 39.36/USD**

# Balmer Lawrie (UK) Limited

## Directors' report for the year ended 31st March, 2008

The directors present their report and the financial statements for the year ended 31st march 2008.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 directors are required to :

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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.

As far as the directors are aware at the time of signing this report :

- There is no relevant audit information of which the auditors are unaware;
- They have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Principle activities and review of business

The principle business activities of the company's wholly owned subsidiary (WOS) are Leasing & Hiring of Marine Freight Containers and Import, Warehousing, Blending & Packaging of Specialty Tea.

The Marine Freight Containers activity has generally been in line with performance of the previous year both in terms of utilisation and lease rentals. We anticipate this trend to continue but are handicapped due to the ageing and diminishing fleet size.

The Company's Lease Management Agreement with Trans-America Leasing had expired and we are in discussion with them for various options.

The Tea activity maintained the significant upswing in volume and turnover primarily due to blending and packaging contract entered with one of UK's large tea packaging companies. The improved volume and turnover did result in marginal improvement of financial performance but these trends are not anticipated to continue in the coming months/years. Hence the Board of Directors of the Company took a decision to exit this business and SBICAP (UK) Ltd. was appointed in July '07 to hive of the assets through a competitive bidding process. The company is pleased to advise that the bidding process was satisfactorily completed and all its assets were sold to the highest bidder Duncan Macneill & Co. Ltd. and the sale completed on 30th November 2007.

### Results and dividends

The results for the year are set out on page 5.

The profit for the year was US\$914,378 (2007; profit US\$369,650).

The directors do not recommend the payment of a dividend (2007; \$nil).

### Directors

The directors set out in the table below have held office during the whole of the period from 1st April 2007 to the date of this report except Mr. V Sinha who was w.e.f. 2nd July 2007.

The interests of the directors holding office on 31st March 2008 in the company's issued share capital were :

	Ordinary Share of £ 1 each	
	31st March 2008	1st April 2007
S K Mukherjee	—	—
P Radhakrishnan	—	—
V Sinha (appointed 2nd July 2007)	—	—

### Independent auditors

Pentagon Financial Limited have signified their willingness to continue in office and a proposal to reappoint them, by virtue of the elective resolution passed by the company, will be put to the Board at the next meeting.

By order of the Board

3rd June 2008

S K Mukherji  
Director

P Radhakrishnan  
Director

V Sinha  
Director

## Independent Auditors' report to the members of Balmer Lawrie (UK) Limited

We have audited the financial statements for the year ended 31st march 2008 which comprise the Profit and Loss Account, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them 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 opinions we have formed.

### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and Internal Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An Audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st march 2008 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pentagon Financial Limited  
Chartered Certified Accountants  
and Registered Auditors  
Beech Court  
Summers Road  
Burnham  
Buckinghamshire  
SL17EP

# Balmer Lawrie (UK) Limited

## Profit and Loss Account for the year ended 31 March 2008

	Notes	(Rs./Lakhs)	
		2008	2007
<b>Turnover</b>		<b>1726.13</b>	463.64
Cost of sales		(780.37)	(27.82)
<b>Gross Profit</b>		<b>945.76</b>	435.82
Selling and distribution costs		(55.77)	(65.07)
Administration expenses		(863.87)	(279.55)
<b>Operating Profit</b>	3 and 4	<b>26.12</b>	91.20
Interest receivable and similar charges		<b>50.09</b>	29.41
Profit on sale of fixed assets and tea division	5	<b>400.05</b>	26.13
Interest payable and similar charges	6	(15.06)	—
<b>Profit on ordinary activities before taxation</b>		<b>461.20</b>	146.74
Tax on profit on ordinary activities	8	(101.30)	(1.24)
<b>Retained profit for the year</b>	15	<b>359.90</b>	145.50

There are no recognised gains and losses other than those passing through the profit and loss account

## Balance Sheet as at 31 March 2008

	Notes	(Rs./Lakhs)	
		2008	2007
<b>Fixed Assets</b>			
Tangible assets	9	<b>1,345.09</b>	1,753.97
Investments	10	—	220.62
		<b>1,345.09</b>	1,974.59
<b>Current Assets</b>			
Debtors	11	<b>86.83</b>	87.06
Cash at bank and in hand		<b>1,953.02</b>	935.79
		<b>2,039.85</b>	1,022.85
<b>Creditors : amounts falling due within one year</b>	12	<b>(149.26)</b>	(27.15)
<b>Net current assets</b>		<b>1,890.59</b>	995.70
<b>Total assets less current liabilities</b>		<b>3,235.68</b>	2,970.29
<b>Provision for liabilities and charges</b>	13	—	(7.46)
		<b>3,235.68</b>	2,962.83
<b>Capital and reserves</b>			
Share capital	14	<b>2,100.83</b>	2,100.83
Profit and loss account	15	<b>1,134.85</b>	862.00
<b>Shareholders' fund – equity interests</b>	16	<b>3,235.68</b>	2,962.83

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 3rd June 2008 and were signed on its behalf by :

S. K. Mukherji  
Director

P. Radhakrishnan  
Director

V. Sinha  
Director

# Balmer Lawrie (UK) Limited

## Notes to the Financial Statements for the year ended 31 March 2008

### 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 1985.

#### 1.5 Related party transactions

The company has taken advantage of the exemption granted under Financial Reporting Standard 8 "Related Part Disclosures," not to disclose details of transactions with entities belonging to the group.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not provided on freehold land.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis :-

Containers -5.67% Straight line basis

#### 1.7 Investments

Investments held as fixed assets are stated as historical cost less provision for any permanent diminution in value.

#### 1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company to employees' own personal pension schemes.

#### 1.9 Foreign currency translation

The company's activities are more dependent on the American dollar than sterling, as the company's container operations are dependent on the dollar. Consequently, the company's financial statements are prepared in American dollars.

Following the re-merger of the company's wholly owned subsidiary undertaking Balmer Lawrie (Tea) Limited on 1st April 2007 which produced its internal management accounts in sterling these are expressed in dollars using the temporal method of foreign currency translation on applying the following bases :

- (a) Fixed assets were translated into dollars at the rates ruling on the date of acquisition.
- (b) Monetary assets and liabilities denominated in a foreign currency were translated into dollars at the foreign exchange rates ruling at the balance sheet date.
- (c) Revenue and expenses in foreign currencies were translated in dollars at the average rate for the year.
- (d) Any gains or losses arising on translation were taken to the profit and loss account.

#### 1.10 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply

when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### 2. Turnover

Of the Company's total turnover 78% is attributable to tea sales in the UK market. The remainder is derived from its container leasing activities which are wholly undertaken outside the UK.

### 3. Analysis of operations

On 1 April 2007 the company transferred the net assets and trade of Balmer Lawrie (Tea) Limited to the company; which were subsequently disposed of. From 1 January 2008 Balmer Lawrie (UK) Limited discontinued all activities previously undertaken by the tea division being the import, warehousing, blending and purchasing of speciality teas.

The company's continuing and discontinued activities are analysed below :

			(Rs./Lakhs)	
	Continuing Operations 2008	Discontinued Operations 2008	Total 2008	Continuing Operations Total 2007
<b>Turnover</b>	<b>371.81</b>	<b>1,354.32</b>	1,726.13	463.64
Cost of sales	(27.01)	(753.36)	(780.37)	(27.82)
<b>Gross Profit</b>	<b>344.80</b>	<b>600.96</b>	945.76	435.82
Selling and distribution costs	(55.77)	(106.50)	(162.27)	(65.07)
Administration expenses	(252.21)	(505.16)	(757.37)	(279.55)
<b>Operating Profit</b>	<b>36.82</b>	<b>(10.70)</b>	26.12	91.20

	2008	2007
Operating profit is stated after charging :		
Depreciation	253.97	253.48
Auditors' remuneration	4.72	2.18
<b>5. Profit/(loss) on sale of fixed assets</b>		
Profit on disposal of containers and tea division fixed assets	400.05	26.13
	400.05	26.13
<b>6. Interest payable and similar charges</b>		
On bank loans and overdraft	15.06	—
	15.06	—
<b>7. Directors' emoluments</b>		
Emoluments for qualifying services	32.12	—
	32.12	—

Notes to the Financial Statements for the year ended 31 March 2008

	(Rs./Lakhs)			(Rs./Lakhs)	
<b>8. Taxation on profit on ordinary activities</b>	<b>2008</b>	<b>2007</b>		<b>2008</b>	<b>2007</b>
Analysis of charge (credit) in period :					
<b>Current taxation</b>					
UK corporation tax charge for the year	131.70	—			
Total current tax	131.70	—			
<b>Deferred taxation</b>					
Origination and reversal of timing difference (note 12)	(30.40)	1.24			
Tax on profit on ordinary activities	101.30	1.24			
	<b>101.30</b>	<b>1.24</b>			
The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. 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.					
	(Rs./Lakhs)				
Profit on ordinary activities before tax	2008	2007			
	461.20	146.73			
Tax on profit on ordinary activities at standard rate	138.36	44.02			
<b>Factors affecting charge for the period :</b>					
Depreciation for period in excess of capital allowances	41.77	12.21			
Expenses not deductible for tax purposes	0.71	—			
Other adjustments	(17.73)	—			
Utilisation of prior year losses	(31.41)	56.23			
Total actual amount of current tax	131.70	—			
	<b>131.70</b>	<b>—</b>			
	(Rs./Lakhs)				
<b>9. Tangible Fixed Assets</b>					
	<b>Freehold property</b>	<b>Plant and machinery</b>	Containers	Total	
<b>Cost</b>					
At 1 April 2007	—	—	4,483.17	4,483.17	
Transfer from group company	268.00	206.80	—	474.80	
Disposals	(268.00)	(206.80)	(453.01)	(927.81)	
At 31 March 2008	—	—	4,030.16	4,030.16	
<b>Accumulated depreciation</b>					
At 1 April 2007	—	—	2,729.20	2,729.20	
Transfer from group company	33.24	115.76	—	149.00	
Charge for the year	3.21	7.92	242.84	253.97	
Eliminated on disposal	(36.45)	(123.68)	(286.97)	(447.10)	
At 31 March 2008	—	—	2,685.07	2,685.07	
<b>Net book amount</b>					
At 31 March 2008	—	—	1,345.09	1,345.09	
At 31 March 2007	—	—	1,753.97	1,753.97	
	<b>1,345.09</b>	<b>1,753.97</b>	<b>1,345.09</b>	<b>1,753.97</b>	
	(Rs./Lakhs)				
<b>10. Investments</b>					
Shares in group undertakings					
Cost and net book value					
At 1 April 2007	—				220.62
At 31 March 2008	—				220.62
	<b>2008</b>	<b>2007</b>			
	(Rs./Lakhs)				
<b>11. Debtors</b>					
Trade debtors	4.92	—			
VAT recoverable	3.17	—			
Prepayment and accrued income	78.74	87.06			
	<b>86.83</b>	<b>87.06</b>			
	(Rs./Lakhs)				
<b>12. Creditors : Amounts falling due within one year</b>					
Trade creditors	12.30	—			
Social security and other taxation	3.05	—			
Corporation tax	131.70	—			
Amounts owed to subsidiary	—	26.58			
Accruals and deferred income	2.21	0.57			
	<b>149.26</b>	<b>27.15</b>			
	(Rs./Lakhs)				
<b>13. Provisions for liabilities and charges</b>					
Provision for deferred tax					
Balance at 1 April 2007	7.46				6.22
Transfer from group company	22.94				—
Profit and loss account (credit)/charge	(30.40)				1.24
Balance at 31 March 2008	—				7.46
	<b>2008</b>	<b>2007</b>			
	(Rs./Lakhs)				
Deferred tax					
The provision for deferred taxation consists of the following amounts :					
Capital allowances in excess of depreciation	—				22.23
Unutilised tax losses	—				(14.74)
	<b>2008</b>	<b>2007</b>			
	(Rs./Lakhs)				
<b>14. Share Capital</b>					
Authorised					
4,000,000 Ordinary Shares of £ 1 each	2,431.92				2,431.92
Allotted, Called Up & Fully Paid					
3,380,312 (2006 : 3,380,312)	2,100.83				2,100.83
Ordinary Shares of £ 1 each	2,100.83				2,100.83
	<b>2008</b>	<b>2007</b>			
	(Rs./Lakhs)				

# Balmer Lawrie (UK) Limited

## Notes to the Financial Statements for the year ended 31 March 2008

	(Rs./Lakhs)	
	Profit and Loss account	
<b>15. Statement of movement on reserves</b>		
Balance at 1 April 2007	862.00	
Transfer from group company	(87.05)	
Retained profit for the year	359.90	
Balance at 31 March 2008	<u>1,134.85</u>	
<b>16. Reconciliation of movement in shareholders' funds</b>	<b>2008</b>	<b>2007</b>
Profit for the financial year	<b>359.90</b>	145.50
Opening shareholders' funds	<b>2,962.84</b>	2,817.33
Transfer from group company	<b>(87.06)</b>	—
Closing shareholders' funds	<b><u>3,235.68</u></b>	<b><u>2,962.83</u></b>

### 17. 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.

### 18. 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 and loss account for the year ended 31 March 2008

	2008	2007	(Rs./Lakhs)
<b>Sales</b>			
Lease rentals – Containers	371.81	433.80	
Other income	—	29.84	
Tea	<u>1,354.32</u>	<u>—</u>	463.64
<b>Cost of sales</b>			
Containers : Handing charges	8.15	9.09	
Storage charges	7.29	11.84	
Depot charges	9.02	4.80	
Repairs and maintenance	2.54	2.09	
Tea	<u>753.37</u>	<u>(780.37)</u>	<u>(27.82)</u>
<b>Gross Profit</b>	<u>106.50</u>	<u>945.76</u>	435.82
Direct expenses	—	—	
Administration expenses	<u>757.37</u>	<u>279.55</u>	
Selling expenses	<u>55.77</u>	<u>65.07</u>	
	<u>(919.64)</u>	<u>(344.62)</u>	
<b>Operating Profit</b>	<u>26.12</u>	91.20	
Profit on disposal of fixed assets and tea division	400.05	26.13	
<b>Interest receivable and similar charges</b>			
Bank interest receivable	50.09	29.41	
<b>Interest payable and similar charges</b>			
Bank interest payable	<u>(15.06)</u>	<u>(15.06)</u>	<u>—</u>
<b>Net profit before taxation</b>	<u>461.20</u>	<u>146.74</u>	

## Direct, administration and selling expenses for the year ended 31 March 2008

	2008	2007	(Rs./Lakhs)
<b>Direct expenses</b>			
Warehouse expenses	2.21	—	
Freight, shipping and carriage charges	21.59	—	
Discount allowed	56.28	—	
Consultants fees	26.42	—	
	<u>106.50</u>	<u>—</u>	<u>—</u>
<b>Administration expenses</b>			
Wages and salaries	386.47	13.18	
Repairs and maintenance	12.03	—	
Heat and light	5.96	—	
Rates and taxes	20.99	4.59	
Insurance and security	5.53	—	
Audit and accountancy	8.23	7.69	
Bank charges	2.15	0.06	
Legal and professional fees	5.29	0.56	
Motor expenses	12.10	—	
Travel and subsistence	19.02	—	
Printing, stationary and publications	4.65	—	
Telephone, fax and postage	5.55	—	
Sales promotion	4.28	—	
Sundries	23.89	—	
Provision for bad debts	3.95	—	
Exchange gain	(16.69)	—	
Depreciation	253.97	253.47	
	<u>757.37</u>	<u>279.55</u>	
<b>Container selling expenses</b>			
Commission on rental income	<u>55.77</u>	<u>65.07</u>	

**Auditor's Report on the Consolidated Financial Statements to the Board of Directors  
Balmer Lawrie and Company Limited**

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 March 31, 2008, 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 Rs. 31,540.80 lakhs as at March 31, 2008, total revenues of Rs. 30,578.09 lakhs and net cash flows amounting to Rs. 864 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 report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) 21, 'Consolidated Financial Statements', and Accounting Standard (AS) 27, "Financial Reporting of interests in Joint Ventures", issued by the Institute of Chartered Accountants of India 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.
5. 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 March 31, 2008 ;
  - (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 GUPTA & CO.  
*Chartered Accounts*  
S. K. GANGULI  
*Partner*  
Kolkata  
16th June, 2008  
Membership No. 6622

Consolidated Financial Statements of Balmer Lawrie & Co. Limited  
Balance Sheet as at 31st March, 2008

SCHEDULES

			As at 31st March, 2007	
			Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs
<b>Sources of Funds</b>				
Shareholders' Funds				
Share Capital	1	1,629	1,629	1,629
Reserves and Surplus	2	32,626	39,844	27,060
		34,255	41,473	28,689
Loan Funds				
Secured	3	642	8,219	1,470
Un Secured	4	—	335	—
		642	8,554	1,470
Deferred Taxation Liability		1,410	2,072	2,503
		36,307	52,099	32,662
<b>Application of Funds</b>				
Fixed Assets (Net Block)				
Gross Block		33,808	52,524	34,462
Less : Depreciation		15,733	26,954	15,375
Less : Impairment of Assets		211	211	117
Net Block	5	17,864	25,359	18,970
Less : Accumulated Lease Equalisation Reserve		—	—	—
		17,864	25,359	18,970
Capital Expenditure in Progress				
including Pre-Production Expenditure		581	2,261	80
Advance against Capital Expenditure		128	129	121
		18,573	27,749	19,171
Investments	6	2,840	20	2,840
Net Current Assets				
Current Assets, Loans and Advances				
Inventories	7	8,636	18,943	8,385
Debtors	8	25,340	31,619	19,962
Cash and Bank Balances	9	12,647	12,948	5,857
Loans and Advances	10	6,304	7,566	6,103
		52,927	71,076	40,307
Less : Current Liabilities & Provisions	11			
Current Liabilities		30,928	38,994	25,844
Provisions		7,129	7,797	4,136
		38,057	46,791	29,980
Miscellaneous Expenditure (to the extent not written off or adjusted)		14,870	24,285	10,327
		24	45	324
		36,307	52,099	32,662
<b>Notes on Accounts</b>	16			
<b>Significant Accounting Policies</b>	17			

As per our report attached

The Schedules referred to above form part of the Accounts.

For GUPTA & CO.  
Chartered Accountants

S. K. GANGULI  
Partner  
Membership No. 6622  
Kolkata, the 16th June, 2008

S. K. Mukherjee  
Managing Director

M. Singh  
P. Radhakrishnan  
V. N. Sharma  
K. Subramanyan  
Directors

Amit Ghosh  
Secretary

**Consolidated Financial Statements of Balmer Lawrie & Co. Limited  
Profit and Loss Account for the year ended 31st March, 2008**

**SCHEDULES**

			2006-07
		Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs
<b>Income</b>			
Sale			
Manufactured Goods		61,746	51,760
Less : Excise Duty		8,556	7,641
		53,190	44,119
Trading Goods		62	148
Turnkey Projects		4,848	4,305
Services		87,806	80,312
Other Income	12	5,398	2,616
		1,51,304	1,31,500
		1,78,889	1,56,179
<b>Expenditure</b>			
Raw Materials Consumed -			
Manufactured Goods		38,248	31,962
Purchases - Trading Goods		49	158
Purchases - Turnkey Projects		4,624	4,450
Cost of Services		72,832	65,860
General Expenditure	13	20,815	17,737
Depreciation		1,449	1,361
Accretion (-)/Decretion (+) to Inventories	14	(249)	(755)
Prior Period Adjustments	15	9	(2)
		1,37,777	1,20,771
		1,64,180	1,44,064
Profit before taxation		13,527	10,729
Provision for Taxation	- Current	5,478	3,810
	- Deferred	(1,092)	(315)
	- Fringe	70	84
Profit after taxation		9,071	7,150
Transfer from			
Lease Equalisation Reserve		—	—
Balance Brought Forward		7,639	4,561
		13,849	10,140
Available for Appropriation		16,710	11,711
Proposed Final Dividend		2,769	2,199
Corporate Tax on Dividend		471	374
Transfer to Minority Interest		—	—
Transfer to Special Reserve		—	—
Transfer to General Reserve		3,000	1,500
Balance Carried Forward		10,470	7,638
<b>Earning Per Share</b>		55.70	43.90
		61.29	51.09

**Notes on Accounts**

16

**Significant Accounting Policies**

17

As per our report attached

The Schedules referred to above form part of the Accounts.

For GUPTA & CO.  
Chartered Accountants

S. K. GANGULI  
Partner

Membership No. 6622  
Kolkata, the 16th June, 2008

S. K. Mukherjee  
Managing Director

M. Singh  
P. Radhakrishnan  
V. N. Sharma

K. Subramanyan  
Directors

Amit Ghosh  
Secretary

Schedules forming part of the Balance Sheet as at 31st March, 2008

SCHEDULE 1

SHARE CAPITAL

As at 31st March, 2007

Authorised

		Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs	Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs
	Equity Shares	3,000	3,000	3,000	3,000
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
		1,629	1,629	1,629	1,629

SCHEDULE 2

RESERVES AND SURPLUS

Capital Reserve

Central Investment Subsidy

As per last Account	—	3	1	4
Less : Tfd to General Reserve	—	—	1	1
Capital Reserve on Consolidation	226	759	458	775

Share Premium Account

As per last Account

As per last Account	—	157	—	128
Add : Transferred From Profit and Loss Account	—	50	—	29
	—	207	—	157

Special Reserve

As per last Account

As per last Account	—	157	—	128
Add : Transferred From Profit and Loss Account	—	50	—	29
	—	207	—	157

Foreign Projects Reserve

As per last Account

As per last Account	262	262	262	262
Add : Transferred From Profit and Loss Account	—	—	—	—
Less : Transferred to General Reserve	257	257	—	—

Foreign Currency Translation Reserve

General Reserve

As per last Account

As per last Account	15,114	15,246	13,613	13,731
Add : Trf from Central Investment Subsidy	257	257	—	—
Less : Transferred to Minority Interest	—	47	—	3
Add : Transferred from Profit and Loss Account	3,000	3,014	1,500	1,517

Profit and Loss Account

As per last Account	18,371	18,470	15,113	15,245
Add : Transferred From Profit and Loss Account	10,470	17,415	7,638	13,849
	32,626	39,844	27,060	33,961

**Schedules forming part of the Balance Sheet as at 31st March, 2008**

**SCHEDULE 3**

	<b>SECURED LOANS</b>		As at 31st March, 2007	
	<b>Consolidated with subsidiary Rs./Lakhs</b>	<b>Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs</b>	<b>Consolidated with subsidiary Rs./Lakhs</b>	<b>Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs</b>
<b>From Banks/Financial Institutions</b>				
Cash Credit/Export Credit/Working Capital				
Demand Loan Secured by hypothecation of stocks and debtors	—	4,608	334	2,601
Term Loan				
Secured by way of pari-passu first charge on certain movable fixed assets as well as some immovable properties	642	3,611	1,136	3,973
	<b>642</b>	<b>8,219</b>	<b>1,470</b>	<b>6,574</b>
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**SCHEDULE 4**

	<b>UNSECURED LOANS</b>		
Other Loans and Advances			
- From other than Banks	—	335	—
	<b>—</b>	<b>335</b>	<b>—</b>
	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Schedules forming part of the Balance Sheet as at 31st March, 2008**

**SCHEDULE 5**

**(A) Assets held for active use**

(Rs./Lakhs)

**FIXED ASSETS**

GROSS BLOCK			DEPRECIATION			IMPAIRMENT			NET BLOCK		
Original Cost as at 1st April, 2007	Additions During the Year	Total Cost of items sold or scrapped/ adjusted	Original Cost as at 31st March, 2008	Upto 31st March, 2007	For the Year	On items sold or scrapped/ adjusted	Total	Opening impairment	For the Year	Closing Balance	As at 31st March, 2008
Goodwill - Consolidated with Subsidiary	—	—	—	—	—	—	—	—	—	—	—
Total - Consolidated with Subsidiary and Joint Venture Companies	121	—	121	72	12	—	84	—	—	—	37
Land Freehold - Consolidated with Subsidiary	1,218	—	4	1,214	—	—	—	—	—	—	1,214
Total - Consolidated with Subsidiary and Joint Venture Companies	1,315	26	4	1,337	—	—	—	—	—	—	1,337
Land Leasehold - Consolidated with Subsidiary and Joint Venture Companies	2,363	—	—	2,363	361	45	406	—	—	—	1,957
Total - Consolidated with Subsidiary and Joint Venture Companies	2,413	46	22	2,437	366	47	413	—	—	—	2,024
Buildings & Sidings - Consolidated with Subsidiary	8,399	408	364	8,443	1,670	174	35	1,809	70	65	6,499
Total - Consolidated with Subsidiary and Joint Venture Companies	10,758	557	367	10,948	3,032	279	37	3,274	70	65	7,539
Plant & Machinery - Consolidated with Subsidiary	15,757	388	693	15,452	8,779	752	428	9,103	42	1	43
Total - Consolidated with Subsidiary and Joint Venture Companies	29,903	1,432	795	30,540	17,250	1,455	516	18,189	42	1	43
Spares for Plant & Machinery - Consolidated with Subsidiary	660	8	51	617	498	105	22	581	—	10	10
Total - Consolidated with Subsidiary and Joint Venture Companies	660	8	51	617	498	105	22	581	—	10	10
Electrical Installation & Equipment - Consolidated with Subsidiary	1,698	67	19	1,746	965	158	17	1,106	1	16	17
Total - Consolidated with Subsidiary and Joint Venture Companies	1,706	69	19	1,756	968	159	17	1,110	1	16	17
Furniture & Fittings - Consolidated with Subsidiary	525	19	23	521	371	31	19	383	—	—	—
Total - Consolidated with Subsidiary and Joint Venture Companies	877	51	23	905	643	57	20	680	—	—	—
Typewriters, Accounting Machine & Office Equipment - Consolidated with Subsidiary	1,522	227	89	1,660	1,182	150	84	1,248	—	1	1
Total - Consolidated with Subsidiary and Joint Venture Companies	1,658	259	92	1,825	1,256	174	85	1,345	—	1	1
Tubewells, Tanks & Miscellaneous Equipment - Consolidated with Subsidiary	846	66	43	869	515	33	40	508	4	—	4
Total - Consolidated with Subsidiary and Joint Venture Companies	846	66	43	869	515	33	40	508	4	—	4
Vehicles - Consolidated with Subsidiary	62	40	32	70	38	4	26	16	—	—	—
Total - Consolidated with Subsidiary and Joint Venture Companies	280	80	44	316	207	27	38	196	—	—	—
Leased Assets - Consolidated with Subsidiary and Joint Venture Companies	148	—	148	—	124	—	—	—	—	—	—
Plant & Machinery	30	—	30	—	15	—	15	—	—	—	—
Electrical Installation and Equipment	31	—	31	—	26	—	26	—	—	—	—
Furniture & Fittings	1	—	1	—	1	—	1	—	—	—	—
Typewriters, Accounting Machine and Office Equipment	59	—	59	—	57	—	57	—	—	—	—
Vehicles	27	—	27	—	25	—	25	—	—	—	—
<b>Total - Consolidated with Subsidiary</b>	<b>33,050</b>	<b>1,223</b>	<b>1,318</b>	<b>32,955</b>	<b>14,379</b>	<b>1,452</b>	<b>671</b>	<b>15,160</b>	<b>117</b>	<b>93</b>	<b>210</b>
<b>TOTAL (A) - Consolidated with Subsidiary and Joint Venture Companies</b>	<b>50,685</b>	<b>2,597</b>	<b>1,611</b>	<b>51,671</b>	<b>24,934</b>	<b>2,346</b>	<b>899</b>	<b>26,381</b>	<b>117</b>	<b>93</b>	<b>210</b>
											<b>25,635</b>
											<b>18,552</b>
											<b>11,585</b>

Schedules forming part of the Balance Sheet as at 31st March, 2008

## SCHEDULE 5 (Contd.)

### (B) Assets held for Disposal

## FIXED ASSETS

GROSS BLOCK							DEPRECIATION			IMPAIRMENT			NET BLOCK	
Original Cost as at 1st April, 2007	Additions During the Year	Total Cost of items sold or scrapped/ adjusted	Original Cost as at 31st March, 2008	Upto 31st March, 2007	For the Year	On items scrapped/ adjusted	Total	Opening impairment	For the Year	Closing Balance	As at 31st March, 2008	As at 31st March, 2007		
Land - Freehold	—	—	—	—	—	—	—	—	—	—	—	—	—	—
- Leasehold	71	—	8	63	13	1	12	—	—	—	51	58		
Buildings & Structures	454	—	151	303	182	69	113	—	—	—	190	272		
Plant & Machinery	667	—	352	315	592	303	289	—	—	—	26	74		
Spare for Plant & Machinery	78	—	—	78	78	—	78	—	—	—	—	—		
Electrical Installation & Equipment	105	—	27	78	92	27	65	—	—	—	13	13		
Furniture & Fittings	16	—	14	2	16	15	1	—	—	—	—	—		
Typewriters, Accounting Machine and Office Equipment	9	—	6	3	9	6	3	—	—	—	—	—		
Office Equipment	13	—	2	11	13	2	11	—	—	—	—	—		
Tubewells, Tanks and Miscellaneous Equipment	—	—	—	—	—	—	—	—	—	—	—	—		
Vehicles	—	—	—	—	—	—	—	—	—	—	—	—		
<b>Total (B)</b>	<b>1,413</b>	<b>—</b>	<b>560</b>	<b>853</b>	<b>995</b>	<b>—</b>	<b>423</b>	<b>572</b>	<b>—</b>	<b>—</b>	<b>280</b>	<b>418</b>		
<b>GRAND TOTAL - [A+B] -</b>														
Consolidated with Subsidiary														
<b>GRAND TOTAL - (A+B)</b>														
2006-2007							2007-08			2006-07				
<b>GRAND TOTAL - Consolidated with Subsidiary</b>							<b>1,452</b>	<b>1,452</b>	<b>1,361</b>	<b>17,864</b>	<b>18,970</b>	<b>—</b>		
<b>GRAND TOTAL - Consolidated with Subsidiary</b>							<b>2,346</b>	<b>2,346</b>	<b>2,260</b>	<b>—</b>	<b>—</b>	<b>—</b>		
<b>GRAND TOTAL</b>							<b>3</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>		
Less : Prior Period Adjustment - Consolidated with Subsidiary							<b>1,449</b>	<b>1,449</b>	<b>1,361</b>	<b>479</b>	<b>15,375</b>	<b>—</b>	<b>117</b>	<b>117</b>
Total - Consolidated with Subsidiary and Joint Venture Companies							<b>2,344</b>	<b>2,344</b>	<b>2,260</b>	<b>497</b>	<b>25,928</b>	<b>—</b>	<b>117</b>	<b>117</b>
Depreciation as per Profit & Loss Account - Consolidated with Subsidiary							<b>1,361</b>	<b>1,361</b>	<b>2,260</b>	<b>—</b>	<b>—</b>	<b>—</b>		
Total - Consolidated with Subsidiary and Joint Venture Companies							<b>2,344</b>	<b>2,344</b>	<b>2,260</b>	<b>—</b>	<b>—</b>	<b>—</b>		

Depreciation for the year as above - Consolidated with Subsidiary

Total - Consolidated with Subsidiary and Joint Venture Companies

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LESS : F101 Period Adjustment - Consolidated With Summary Total Consolidated with Subsidiary and Joint Ventures Summary

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Depreciation as per Profit & Loss Account - Consolidated with Sub

Total - Consolidated with Subsidiary and Joint Venture Companies

**Schedules forming part of the Balance Sheet as at 31st March, 2008**

**SCHEDULE 6**

	INVESTMENTS		As at 31st March, 2007			
	Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs				
			Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs		
Unquoted, unless otherwise stated						
Long Term Investments						
(a) Government Securities-at cost	—	5	—	—		
(b) Trade Investments						
Fully paid-up at cost						
3,57,591 Equity Shares of Rs. 10 each in Bridge and Roof Co. (India) Ltd.	14	14	14	14		
1,95,900 Equity Shares of Rs. 10 each in Biecco Lawrie Ltd. (carried in books at a value of Re. 1)	—	—	—	—		
32,00,000 Equity Shares of Rs. 10 each in Transafe Services Ltd (*)	320	—	320	—		
45,00,000 Ordinary Shares of Rs. 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 Rs. 10 each in Balmer Lawrie-Van Leer Ltd. (#)	1,165	—	1,165	—		
(c) Other Investments						
Fully paid up-at cost						
71 Equity Shares of Rs. 100 each in Duncan Brothers & Co. Ltd. (Quoted)	—	—	—	—		
172 1/2% Redeemable Registered Debentures of Rs. 100 each in the East India Clinic Ltd.	—	—	—	—		
280 5% Non-redeemable Debenture Stock 1957 of Rs. 100 each in the East India Clinic Ltd.	—	—	—	—		
	<b>2,840</b>	<b>19</b>	<b>2,840</b>	<b>14</b>		

(\*) Including 28,80,000 Equity Shares of Rs. 10 each received during the year 2007-08 as Bonus Shares.

(#) Shares of Balmer Lawrie Van Leer Limited has been delisted from Stock Exchange during year 2007-08.

Schedules forming part of the Balance Sheet as at 31st March, 2008

SCHEDULE 7

	INVENTORIES		As at 31st March, 2007	
	Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs	Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs
Raw Materials	4,923	11,591	4,980	11,356
Finished Products	2,491	2,941	2,093	2,590
Trading Goods	24	24	23	23
Work-in-Progress	726	1,312	873	1,387
Stock-in-Transit				
Raw Materials	158	2,009	14	527
Finished Products	99	99	243	243
Trading Goods	—	—	—	—
	257	2,108	257	770
Stores and Spare Parts	215	707	157	590
Loose Tools	—	244	2	232
Material with Third Party	—	16	—	8
	8,636	18,943	8,385	16,956

SCHEDULE 8

Debts due for more than six months

	DEBTORS			
	Consolidated	Companies	Consolidated	Companies
Unsecured				
– Considered Good	2,563	6,498	2,433	6,124
– Considered doubtful	674	726	307	355
	3,237	7,224	2,740	6,478
Less : Provision for doubtful Debts	674	726	307	355
	2,563	6,498	2,433	6,124
Other Debts				
Unsecured				
– Considered Good	22,777	25,121	17,529	19,253
	22,777	25,121	17,529	19,253
	25,340	31,619	19,962	25,377

SCHEDULE 9

	CASH AND BANK BALANCES			
	Consolidated	Companies	Consolidated	Companies
Cash in hand (including cheques and stamps)	58	79	191	209
With scheduled Banks				
In Current Accounts	4,490	4,648	3,603	3,690
In Short term Deposit Account	8,002	8,099	2,001	2,055
In Dividend Accounts	60	64	44	48
	12,552	12,811	5,648	5,793
Unclaimed Convertible Debentures	—	21	—	21
Foreign Currency Accounts	37	37	18	18
	12,647	12,948	5,857	6,041

**Schedules forming part of the Balance Sheet as at 31st March, 2008**

**SCHEDULE 10**

**LOANS AND ADVANCES**

As at 31st March, 2007

	Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs	Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs
Advances recoverable in Cash or in kind or for Value to be received				
Considered Good				
Secured	922	922	912	912
Unsecured				
Holding Company				
Balmer Lawrie Investments Ltd.	1	1	1	1
Others	3,012	3,613	3,394	3,579
Considered Doubtful	68	70	52	55
	<u>4,003</u>	<u>4,606</u>	<u>4,359</u>	<u>4,547</u>
Less : Provision	68	70	52	55
	<u>3,935</u>	<u>4,536</u>	<u>4,307</u>	<u>4,492</u>
Deposits - Unsecured				
Considered Good				
Balance with Customs, Port Trust Central Excise, etc.	1,949	2,003	1,428	1,477
Considered Good	420	627	368	467
Advance payment of Income Tax	—	400	—	—
	<u>6,304</u>	<u>7,566</u>	<u>6,103</u>	<u>6,436</u>

**SCHEDULE 11**

**CURRENT LIABILITIES AND PROVISIONS**

**Current Liabilities**

Sundry Creditors	46	46	96	130
- Due to Small Scale Industries	29,360	36,778	24,739	30,313
- Due to Others	—	—	—	113
Minority Interest	—	—	965	1,028
Amounts received in advance against contracts	1,462	2,085	—	—
Interest accrued but not due	—	1	—	—
Investor Education and Protection Fund shall be credited by the following amount :				
- Unclaimed Dividend	60	63	44	48
[Refer Note below]	—	—	—	—
Unclaimed Redemption/Interest on Convertible Debentures	—	21	—	21
	<u>30,928</u>	<u>38,994</u>	<u>25,844</u>	<u>31,653</u>
<b>Provisions</b>				
Provision against Guarantee obligations				
As Per Last account	1,353	1,353	1,739	1,739
Less : Payment made during the year	387	387	386	386
	<u>966</u>	<u>966</u>	<u>1,353</u>	<u>1,353</u>
Proposed Final Dividend	2,769	3,029	2,199	2,345
Contingency as per last Account	100	102	81	83
Add : Provision made during the Year	—	—	41	41
Less : Transferred to Prov for Bad Debts	100	100	22	22
	<u>—</u>	<u>2</u>	<u>100</u>	<u>102</u>
Taxation, net of advance payment	3,394	3,800	485	505
	<u>7,129</u>	<u>7,797</u>	<u>4,136</u>	<u>4,305</u>
	<u>38,057</u>	<u>46,791</u>	<u>29,980</u>	<u>35,958</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 31st March, 2008**

**SCHEDULE 12**

**OTHER INCOME**

2006-2007

	<b>Consolidated with subsidiary Rs./Lakhs</b>	<b>Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs</b>		<b>Consolidated with subsidiary Rs./Lakhs</b>	<b>Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs</b>
Income from Investments					
Trade Investments					
Dividend	<b>581</b>	—		177	—
Other Investments					
Interest	<b>53</b>	<b>53</b>		33	33
	<b>634</b>	<b>53</b>		210	33
Interest on Advances, Deposits, Deferred credit and Overdue debts					
	<b>718</b>	<b>729</b>		91	98
Operating Lease Rentals	<b>391</b>	<b>1,118</b>		517	1,117
Profit on Disposal of					
Fixed Asset	<b>621</b>	<b>637</b>		97	102
Surrender of Leasehold Rights	<b>316</b>	<b>190</b>		—	—
Export Incentives	<b>19</b>	<b>76</b>		17	44
Rent	<b>275</b>	<b>275</b>		154	154
Recovery of Transportation Charges	<b>327</b>	<b>327</b>		325	325
Discount and Commission	<b>14</b>	<b>14</b>		28	28
Claims	<b>4</b>	<b>4</b>		9	9
Liabilities/Provisions no longer required written back	<b>417</b>	<b>427</b>		272	275
Exchange Gain on Translation of Financial Statements of Foreign Subsidiary & Joint Venture Company	—	<b>2</b>		—	3
Sundries	<b>1,662</b>	<b>2,087</b>		896	1,170
	<b>5,398</b>	<b>5,939</b>		<b>2,616</b>	<b>3,358</b>

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2008

SCHEDULE 13

GENERAL EXPENDITURE

2006-2007

	Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs	Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs
Salaries, Wages, Bonus, Pensions and Gratuity	7,344	9,692	5,757	7,720
Contribution to Provident and Other Funds	744	810	680	726
Workmen and Staff Welfare Expenses	663	873	607	781
Manufacturing Expenses	493	744	392	528
Excise Duty	143	149	84	90
Consumption of Stores and Spare Parts	404	1,315	284	1,115
Repairs and Maintenance				
Buildings	393	431	302	333
Plant & Machinery	146	278	127	245
Others	167	240	199	265
Power and Fuel	1,200	1,945	1,054	1,723
Electricity and Gas	177	181	181	186
Rent	403	995	401	825
Insurance	88	139	85	135
Packing, Despatching, Freight and Shipping Charges	1,451	2,037	1,305	1,805
Rates and Taxes	122	153	202	232
Interest	311	941	388	982
Auditor's Remuneration and Expenses	20	27	23	30
Bad Debts written off	99	105	252	252
Advances written off	6	6	7	7
Fixed Assets written off	24	24	105	105
Provisions for Debts, Deposits, Loans and				
Advances considered Doubtful	478	493	147	164
Impairment of fixed assets	94	94	117	117
Provision for Contingency	—	—	41	41
Loss on Disposal of Fixed Assets	9	9	80	80
Selling commission - Others	968	1,107	800	929
Cash Discount	210	213	195	199
Bank Charges and Discount	105	193	82	160
Travelling Expenses	701	865	620	754
Printing and Stationery	157	174	152	168
Motor Car Expenses	84	127	78	115
Telephone, Telex, Postage, Cables and Telegrams	239	290	234	279
Donations	5	6	—	2
Turnover Tax/Additional Tax on Sales Tax	—	—	60	60
Amortisation of Deferred Revenue Expenditure	301	307	460	471
Exchange Loss on Translation of Financial Statements				
of Foreign Subsidiary & Joint Venture Company	(18)	(18)	—	—
Miscellaneous, Expenses	3,109	3,633	2,280	2,749
	20,840	28,578	17,781	24,373
Less : Provision for Debts, Deposits, Loans & Advances				
Considered doubtful, written back	(25)	(32)	(44)	(54)
	20,815	28,546	17,737	24,319

**Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2008**

**SCHEDULE 14**

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

2006-2007

	Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs	Consolidated with subsidiary Rs./Lakhs	Consolidated with subsidiary and Joint Venture Companies Rs./Lakhs
Opening Balance				
Trading Goods	23	23	12	12
Work-in-Progress	854	1,378	585	1,109
Finished Goods	2,214	2,683	1,880	2,251
	<b>3,091</b>	<b>4,084</b>	<b>2,477</b>	<b>3,372</b>
Less : Closing Balance				
Trading Goods	24	24	23	23
Work-in-Progress	725	1,253	873	1,387
Finished Goods	2,591	3,044	2,336	2,833
	<b>3,340</b>	<b>4,321</b>	<b>3,232</b>	<b>4,243</b>
	<b>(249)</b>	<b>(237)</b>	<b>(755)</b>	<b>(871)</b>

**SCHEDULE 15**

**PRIOR PERIOD ADJUSTMENTS (NET)**

Income

Sales

    Manufactured Goods

    Other Income

Expenses

    General Expenditure

    Depreciation

Net Expenditure

	(6)	(6)	—	—
—	—	—	1	1
	<b>(6)</b>	<b>(6)</b>	<b>1</b>	<b>1</b>
1	1		(2)	(2)
2	2		—	—
	<b>3</b>	<b>3</b>	<b>(1)</b>	<b>(1)</b>
	<b>9</b>	<b>9</b>	<b>(2)</b>	<b>(2)</b>

## Notes on Accounts

### 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	29%	India
Avi-Oil India (P) Ltd.	Joint Venture	25%	India

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 Rs. 0.95 Lakhs (Rs. 0.70 Lakhs) are lodged with certain authorities as security.  
 (b) Conveyance deeds of certain land costing Rs. 1,844.67 Lakhs (Rs. 1,881.45 Lakhs) and buildings, with written down value of Rs. 117.13 Lakhs (Rs. 119.83 Lakhs) are pending registration/mutation.  
 (c) Certain buildings & sidings with written down value of Rs. 3,655.07 Lakhs (Rs. 3,814.10 Lakhs) are situated on leasehold/rented land.

16.4 Contingent Liabilities as at 31st March, 2008 not provided for in the accounts are :

- (a) Disputed demand for Excise Duty, Customs Duty, Income Tax, and Sales Tax amounting to Rs. 2,296.93 Lakhs (Rs. 2,667.29 Lakhs) against which the Company has lodged appeal/petition before appropriate authorities.  
 (b) Claims against the company not acknowledged as debts amount to Rs. 756.38 Lakhs (Rs. 659.43 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 Rs. Nil Lakhs (Rs. 78.05 Lakhs).

16.5 Counter guarantees given to various banks in respect of guarantees/loans given by them amount to Rs. 5,790.59 Lakhs (Rs. 4,340.24 Lakhs).

16.6 Estimated amount of contract remaining to be executed on Capital Accounts and not provided for amounted to Rs. 3,728.90 Lakhs (Rs. 1,533.99 Lakhs).

16.7 **Segment Reporting**

Information about business and geographical segment for the year ended 31st March, 2008 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 Rs. 9,982.10 Lakhs (Rs. 8,321.37 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 Rs. 1,628.61 Lakhs (Rs. 1,628.61 Lakhs) and the earnings per share (Basic and Diluted) for the year on the above mentioned basis comes to Rs. 61.29 (Rs. 51.09).

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.

## Significant Accounting Policies

### 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 realizable 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 of the assets and the residual value at the end of each financial year. 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 33.33% per annum and (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.  
 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.  
 i) Depreciation on assets of Balmer Lawrie (U.K.) Ltd. is provided at the rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives :
- |                       |           |                     |
|-----------------------|-----------|---------------------|
| Buildings             | 2% and 5% | Straight Line basis |
| Containers            | 5.67%     | Straight Line basis |
| Fixtures and Fittings | 15%       | Straight Line basis |
| Plant and Machinery   | 15%       | Straight Line basis |
| Motor Vehicles        | 25%       | Straight Line basis |

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.

## Significant Accounting Policies (Contd.)

### 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 Rs. 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.
  - 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 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 during the year.
- c) 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

- 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 to March, 2005 - Sixty equal monthly instalments.

- b) Compensation under Voluntary Retirement/ Separation Scheme with effect from 1st April, 2005
  - Charged off in the same financial year.

- c) The balance of deferred revenue expenditure at the year end to the extent not written off or adjusted in respect of (a) above is carried forward in the Balance Sheet as Miscellaneous Expenditure. The balance of deferred revenue expenditure will be written off during the years 2008-09 and 2009-10.

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

- a) 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.
- b) 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

- 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) Current assets other than inventories and current liabilities are translated at the exchange rate prevailing on the date of Balance Sheet other than those covered with forward contract.
- c) 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.
- 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.

### 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.

## Significant Accounting Policies (Contd.)

- 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.

### 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. Leasing and Hire Purchase Commitments

Assets of Balmer Lawrie (UK) Ltd. obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

### 14. 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.

### 15. 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.

Signature to Schedules 1 to 17

As per our report attached

For GUPTA & CO.

*Chartered Accountants*

S. K. GANGULI

*Partner*

Membership No. 6622

Kolkata, the 16th June, 2008

M. Singh

P. Radhakrishnan

V. N. Sharma

K. Subramanyan

*Directors*

Amit Ghosh

*Secretary*

## Information About Business Segments for the year ended 31st March, 2008

							(Rs./Lakhs)
						Consolidated Total	2006-2007
		Industrial Packaging	Logistics Infrastructure & Services	Travel and Tours	Greases and Lubricants	Others	2006-2007
		2006-2007	2006-2007	2006-2007	2006-2007		2006-2007
<b>SEGMENT REVENUE</b>							
External Revenue		52015	45539	32850	31638	55742	22539
Inter-Segment Revenue		1408	788	43	34	24	60
Total Segment Revenue		53423	46327	32,893	31672	55778	48717

### Notes:

- Services included in each of the above Business Segments are given below :

  - Barrels, Drums & Closures
  - Logistics Services & Container Freight Station Activities
  - Travel (Ticketing), Tours & Money Changing Activities
  - Greases, Lubricating Oils & Aviation Lubricants
  - Project Engineering & Consultancy, Tea Blending & Packaging, Leather Chemicals, Operating Lease of Marine Freight Containers etc.

Expenses and Result include transfers between Business and Geographical Divisions and are accounted for at a competitive market prices charged to unaffiliated customers.

Under Geographical Divisions represent Leasing of Marine Freight Containers, Barrels, Drums and Closures in consolidation.

Under Packaging in IJK and Industrial Packaging activity in UAE.

## Consolidated Cash Flow Statement for the year ended 31st March, 2008

	Year ended March 31, 2008	(Rs. in lakhs) Year ended March 31, 2007
<b>A. Cash Flow from Operating Activities</b>		
Net profit before Tax [Note]	14080	12092
Adjustment for		
Depreciation and fixed assets written off	2372	2365
Impairment losses on fixed assets	94	117
Foreign Exchange	115	23
Interest/Dividend	879	802
Investment written off	12	8
Deferred Revenue Expenditure (charged off during the year)	308	465
Operating Profit Before Working Capital Changes	17860	15872
Trade and other receivables	(7502)	(3232)
Inventories	(3100)	3551
Trade Payables	7419	2764
Deferred Revenue Expenditure (payment made during the year)		
Cash generated from operations	14677	18955
Direct Taxes paid	(2804)	(4033)
Interest paid	(577)	(296)
Net Cash from Operating Activities	11296	14626
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed assets	(4922)	(2860)
Sale of Fixed assets	1354	414
Purchase of Investments	(5)	—
Sale of Investments	232	—
Interest received	55	39
Dividend received	8	439
Net Cash from Investing Activities	(3278)	(1968)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	(333)	(2971)
Proceeds from other Borrowings	484	(2456)
Short Term Borrowings repaid	(229)	(50)
Interest paid on Long Term Borrowings	(359)	(716)
Dividend paid	(2198)	(1730)
Corporate Tax on Dividend	(378)	(226)
NET CASH FROM FINANCING ACTIVITIES	(3013)	(8149)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	5005	4509
CASH & CASH EQUIVALENTS – OPENING BALANCE	4337	(172)
CASH & CASH EQUIVALENTS – CLOSING BALANCE	9342	4337

## 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.

	2007-2008	(Rupees in lakhs) 2006-2007
2. Net Profit after tax as per Profit & Loss Account	9982	8321
Add : Tax Provision (Net)	4727	3795
	14709	12116
Less : Profit/(Loss) on Disposal of Fixed Assets (Net)	629	24
Net Profit before Tax	14080	12092

As per our report attached

For GUPTA & CO.  
Chartered Accountants

S. K. GANGULI  
Partner

Membership No. 6622  
Kolkata, the 16th June, 2008

S. K. Mukherjee  
Managing Director

M. Singh  
P. Radhakrishnan  
V. N. Sharma  
K. Subramanyan  
Directors

Amit Ghosh  
Secretary

**Annexure - B**  
**Employee Benefits (Refer note no. 15.20)**

(Rs./Lakhs)

Particulars	As at 31.03.2008					
	Gratuity (Funded)	Post-retirement Medical (Non-Funded)	Leave Encashment (Non-Funded)	Leave Assistance (Non-Funded)	Long Service Award	Trust managed Provident Fund (Funded)
<b>I Net Asset/(Liability) recognised in the Balance Sheet as at March 31st, 2008</b>						
1 Present value of funded obligations	887.97	118.33	1,009.05	89.33	33.31	8,385.14
2 Fair Value of Plan Assets	1,073.95	—	—	—	—	8,358.12
3 (Deficit)/Surplus	185.98	(118.33)	(1,009.05)	(89.33)	(33.31)	(27.02)
4 Net Asset/Liabilities	185.98	—	—	—	—	—
- Assets	—	(118.33)	(1,009.05)	(89.33)	(33.31)	(27.02)
- Liabilities	—	—	—	—	—	—
<b>II Expense Recognised in the Profit &amp; Loss Account for the year ended March 31st, 2008</b>						
1 Current Service Cost	52.28	—	276.39	—	—	716.59
2 Interest on Defined Benefit Obligation	72.77	9.58	71.56	4.07	2.93	606.48
3 Expected Return on Plan Assets	71.46	—	—	—	—	588.03
4 Net Actuarial Losses/(Gains) recognised during the year	(272.56)	(10.02)	(226.39)	13.05	(4.52)	8.57
5 Past Service Cost	—	—	—	—	—	—
6 Excess Contribution made in earlier years to be adjusted in future years	218.97	—	—	—	—	—
Total (1+2-3+4)	—	(0.44)	121.56	17.12	(1.59)	743.61
Actuarial return on Plan Assets	—	—	—	—	—	—
<b>III Change in present value of obligation during the year ended March 31st, 2008</b>						
1 Opening Defined Benefit Obligation	873.72	118.77	887.49	72.21	34.90	7,350.41
2 Service Cost	52.28	—	276.39	—	—	716.59
3 Interest Cost	72.77	9.58	71.56	4.07	2.93	606.48
4 Actuarial Losses/(Gains)	(75.64)	2.21	(135.05)	61.75	(3.60)	45.83
5 Benefits Paid	35.16	12.23	91.34	48.70	0.92	334.17
6 Closing Defined Benefit Obligation (1+2+3+4+5)	887.97	118.33	1,009.05	89.33	33.31	8,385.14

**Annexure - B**  
**Employee Benefits (Refer note no. 15.20) (Contd.)**

(Rs./Lakhs)

Particulars	As at 31.03.2008					
	Gratuity (Funded)	Post-retirement Medical	Leave Encashment	Leave Assistance	Long Service Award	Trust managed Provident Fund
	(Non-Funded)	(Non-Funded)	(Non-Funded)	(Non-Funded)	(Non-Funded)	(Funded)
<b>IV Change in fair value of Plan Assets during the year ended March 31st, 2008</b>						
1 Opening Fair Value of Plan Assets	840.73	—	—	—	—	7,350.41
2 Expected Return	71.46	—	—	—	—	588.03
3 Actuarial (Losses)/Gains on Plan Assets	196.92	12.23	—	48.70	0.92	37.26
4 Assets Distributed on settlements	—	—	—	—	—	—
5 Contribution by employer	—	—	—	—	—	716.59
6 Benefits Paid	35.16	12.23	—	48.70	0.92	334.17
7 Closing Fair Value of Plan Assets (1+2+3-4+5-6)	1,073.95	—	—	—	—	8,358.12
<b>V The Major categories of Plan Assets as a percentage of total Plan Assets</b>						
1 Government of India Securities/State Govt. (s) Securities	22.57%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	31.40% 45.85% 22.75%
2 Corporate Bonds	54.56%					
3 Others	22.87%					
<b>VI Principal Actuarial Assumptions as at March 31st, 2008</b>						
1 Discount Rate (p.a.)	8.50	8.50	8.50	8.50	8.50	8.50
2 Expected Rate of Return on Plan Assets (p.a.)	8.50	Not Applicable	Not Applicable	Not Applicable	Not Applicable	8.00
<b>VII The employees are assumed to retire at the age of 60 (sixty) years</b>						
<b>VIII The mortality rates considered are as per the published rates in the LIC (1994-96) ULTIMATE TABLE</b>						
<b>IX The valuations have been done using the Projected Unit Credit Method.</b>						

## REGISTERED OFFICE

21 Netaji Subhas Road, Kolkata - 700 001  
 Phone : (033) 22225218  
 Fax : (033) 22225678  
 Website : [www.balmerlawrie.com](http://www.balmerlawrie.com)

## INDUSTRIAL PACKAGING

Mumbai	Plant & SBU Office	149, Jackeria Bunder Road Sewree (W), Mumbai - 400 015 Phone : 0991 22 24171489 Fax : 0991 22 24137448
Delhi	Sales Office	Amra Deep Building [20th Floor] 14, Kasturba Gandhi Marg New Delhi - 110 001 Phone : 0991 11 23738346 Fax : 0991 11 23328344
Silvassa	Plant	23/1/1, Khadoli, Silvassa - 396 230 Phone : 0991 260 5539810 Fax : 0991 260 2699046
Mathura	Plant	PO - Mathura Refinery Mathura - 281 005 Phone : 0991 565 2480067 Fax : 0991 565 2480205
Panipat	Plant	VIII Baholi, Panipat Refinery [Marketing Division], P.O. Panipat Refinery, Panipat 132 140, Haryana Telefax : 0991 0180 6535767/768
Chennai	Sales Office	32, Sattangadu Village Thiruvottiyur - Manali Road Manali, Chennai - 600 068 Phone : 0991 44 25941438 Fax : 0991 44 25941157
Kolkata	EDDC	Engg, Design & Development Centre P-43, Hide Road Extension Kolkata - 700 088 Phone : 0991 33 24397323 Fax : 0991 33 24395754
Kolkata	Plant	P-4/1, Oil Installation Road Kolkata - 700 088 Phone : 0991 33 24393808 Fax : 0991 33 24393793
Asaoti	Plant	Village Piyal, Post Asaoti Faridabad, Haryana - 121 102 Phone : 0129 2381107

## GREASES & LUBRICANTS

Kolkata	Plant & SBU Office	P-43, Hide Road Extension Kolkata - 700 088 Phone : 0991 33 24392653 Fax : 0991 24 239 2277
Kolkata	ARL	Application Research Laboratory P-43, Hide Road Extension Kolkata - 700 088 Phone : 0991 33 24395405, 24395406 Fax : 0991 33 24393754
Delhi	Marketing Office	Amra Deep Building [20th Floor] 14, Kasturba Gandhi Marg New Delhi - 110 001 Phone : 0991 11 23350370, 1477 Fax : 0991 11 23316933, 6934
Baroda	Marketing Office	G-5-9, Stop-N-Shop Plaza, R.C. Dutt Road Alkapuri, Baroda - 391 007 Phone : 0265-2337608, 232 7473 Fax : 0265-2327473, 2314835
Bangalore	Marketing Office	S-1868, 1st H-main, 2nd Stage, D Block Rajaji Nagar, Bangalore - 560 010 Telefax : 0991 80 23427210
Mumbai	Plant	149, Jackeria Bunder Road, Sewree (W), Mumbai - 400 015 Phone : 0991 22-24172256 2413054/1868 Fax : 0991 22 24146274
Silvassa	Plant	Survey No.201/1, Sayali Rakholi Road, Silvassa - 396 230 Phone : 0991 260-3293118 Fax : 0991 260-2641315

Chennai	Plant & Marketing Office	32, Sattangadu Village Thiruvottiyur - Manali Road, Manali - 600 068 Phone : 0991 44 2594 1720/6637 Fax : 0991 44 2594 1436
Secunderabad	Marketing Office	141/2, Rashtrapati Road Secunderabad - 500 003 Phone : 0991 40 27537365 Fax : 0991 40 27533926
Calicut	Marketing Office	C/o. Satyha Enterprise 33/552 PV Swamy Road Chalaparam, Calicut, Kerala - 673 002 Phone : 0991 495 2306412
Raipur	Sales Office	Room no. 206, 2nd Floor, Arihant Complex StationRoad, Raipur-492001, Chhattisgarh Phone : 98314 11950

## TRAVEL & TOURS

Delhi	Branch & SBU Office	Ground Floor, Core - 8, Scope Complex 7, Lodhi Road, New Delhi - 110 003 Phone : 0991 11 24367702 Fax : 0991 11 24363421, 2432 1525
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Delhi	Branch Office	E-15, 1st Floor, Hauz Khas Main Market, New Delhi - 110 016 Phone : 9810728464, 26854258/46094240 Fax : 0991 26854255
Delhi	Branch Office	Core-8, South Tower, 1st Floor Scope Minar, Laxmi Nagar District Centre, New Delhi - 110 092 Phone : +91 11 22054249, 4431
Delhi	Protocol Office	Arma Deep Building [20th Floor] 14, Kasturba, Gandhi Marg New Delhi-110 001 Phone : 0991 11 23322133, 23716085 Fax : 0991 11 23316933
Delhi	Tours	Arma Deep Building [20th Floor] 14, Kasturba Gandhi Marg New Delhi - 110 001 Phone : 0991 11 23322897, 23316935 Fax : 0991 11 23316934
Dehradun	Branch Office	C/o ONGC, Tel Bhawan, Dehradun Telefax : 0991 135 2756671
Lucknow	Branch Office	302, 3rd Floor, Sriram Towers Ashok Marg, Near Hazrat Ganj Lucknow - 226 001 Phone : 0991 522 2686189, 2288361 Fax : 0991 522 2288364
Baroda	Branch Office	5-9, Stop-N-Shop Plaza, R. C. Dutt Road, Alkapuri, Baroda - 391 007 Phone : 0265-2353775, 2340196 Fax : 0265-2314835
Ahmedabad	Branch Office	Suyog Complex (2nd floor) Near Kamala Kamdhenu Hall Drive-in-Road, Ahmedabad - 380 052 Phone : 0991 79 27479509, 7512 Fax : 0991 79 27492952
Bangalore	Branch Office	01, Ground Floor, Batra Centre 27 & 27/1, Alsior Road Bangalore - 560 042 Phone : 0991 80 25321804, 1533 Fax : 0991 80 2558 0990
Thiruvananthapuram	Branch Office	TC 15/50/(3) New TC 30/96 Vellayambalam Thiruvananthapuram - 695 010 Phone : 0991 471 2315027, 2314998 Fax : 0991 471 2315201
Hyderabad	Branch Office	302, Regency House, 680 Samajiguda Hyderabad - 500 482 Phone : 0991 40-23414553, 23403067 Fax : 0991 40-23406399
Mumbai	Branch Office	5, J. N. Heredia Marg, Ballard Estate Mumbai - 400 038 Phone : 0991 22 56361177 Fax : 0991 22 56361110
Chennai	Branch Office	Balmer Lawrie House, 628, Anna Salai Teynampet, 628, Chennai - 600 018 Phone : 0991 44-24349593, 24349343 Fax : 0991 44-24342579
Kolkata	Branch Office	21, Netaji Subhas Road Ktka - 700 001 Phone : 0991 33 2222 5216, 5217 Fax : 0991 2213 4618
Bhubaneswar	Branch Office	108/B, Janpath Unit III, 2nd Floor Bhubaneswar - 751 001 Phone : 0991 674 2536225, 2536178 Fax : 0991 674 2536186
Kochi	Branch Office	1st Floor, Door No. 39/5108 Church Landing Road, Kochi - 682 016 Phone : 0484 2360080/60/70 Telefax : 0484 2360060
Gurgaon	Branch Office	SF-34 (FF), Galleria Complex DLF Phase - IV, DLF, Gurgaon Phone : 0124 2572372/73/74 Telefax : 0124 2572371
Bokaro	Branch Office	Old T. A. Bldg., Room No. 14 & 15 Sector-I, Bokaro - 827 001 Phone : 0654 222051 Telefax : 0654 2221545

## LOGISTICS SERVICES

Kolkata	Branch & SBU Office	21, Netaji Subhas Road Kolkata - 700 001 Phone : 0991 33 2213 4658, 2222 5451 Fax : 0991 33 2222 5282
Mumbai	Branch Office	101, 102, 103 ASCOT Centre Next to Le Meridien Hotel, D. P. Road Andheri (E), Mumbai - 400 099 Phone : 0991 22 28266707, 8249 Fax : 0991 22 28364311
Delhi	Branch Office	32-33 Kushal Bazar, [Ground Floor] Nehru Place, New Delhi - 110 019 Phone : 0991 11 26467565, 26441390 Fax : 0991 11 26467383
Bangalore	Branch Office	No. 342 Konena Agrahara Airport Exit Road, HAL Post Bangalore - 560 017 Phone : 0991 80 2522 7221/2522 8769 Fax : 0991 80 2522 7231
Chennai	Branch Office	Balmer Lawrie House, 628 Anna Salai Teynampet, Chennai - 600 018 Phone : 0991 44 2434 1208 Fax : 0991 44 2434 8066

Hyderabad	Branch Office	301, Regency House, 680 Samajiguda Hyderabad - 500 482 Phone : 0991 40-2341 5272 Fax : 0991 40-2340 0958
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Ahmedabad	Branch Office	Suyog Complex (2nd floor) Near Kamala Kamdhenu Hall Drive-in-Road, Ahmedabad - 380 052 Phone : 0991 79 27489871/27447185 Fax : 0991 79 27492952
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Kochi	Branch Office	Door No. 39/5108, Church Landing Road Ernakulam, Kochi - 682 016 Phone : 98950 66568
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Karur	Branch Office	No. 42, 1st Floor, Periyar Nagar CG Apartment Road, Karur - 639 002 Phone : 0091 4324 232025
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Lucknow	Branch Office	302 Shriram Tower, 13 Ashok Marg Lucknow - 226 001 Phone : 0991 522 288361-3 Fax : 0991 522 288364
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Pune	Branch Office	10, Aditya Shagun Mall, Bavdhan Khurd NDA - Pashan Road, Pune - 411 021 Phone : 0991 2064 731573
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Tirupur	Branch Office	No. 2, 4th Street P. N. Road Tirupur - 641 602 Phone : 0991 421 247552
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Thiruvananthapuram	Branch Office	TC 34/1307[2], Motherland Buildings Airport-Valiyathura Road Trivandrum-695 008 Phone : 0991 471 2503713, 2506483 Fax : 0991 471 2503694
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Tuticorin	Branch Office	4B/A-28, 1st Floor, Mangal Mall Mani Nagar, Palayamkottai Road Tuticorin - 628 003 Phone : 0991 461 2320803 Fax : 0991 461 2322887
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Visakhapatnam	Branch Office	Flat no. 28-21-(S-1), II, Floor, Classic Complex, Prakashrao Pet, Dabagardens, Visakhapatnam - 530 029 Phone : 0991 891 2564922, 7693
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## LEATHER CHEMICAL DIVISION

Chennai	Plant & SBU Office	32, Sattangadu Village, Thiruvottiyur - Manali Road, Manali, Chennai - 600 068 Phone : 0991 44-259451457 Fax : 0991 44-25945006
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Delhi	Sales Office	18A, F Block, Sector 53, Kanchan Jangha Apartment, Noida - 201 301, UP Phone : 0991 120 2586755
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Chennai	PDC	32, Sattangadu Village, Thiruvottiyur - Manali Road, Manali, Chennai - 600 068 Phone : 0991 44-25941045 Fax : 0991 44 2594 1156
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Chennai	Tech. Service Centre	No. 18, 1st Floor, Thiruneermalai Road Nagalkeni, Chennai - 600 044 Phone : 0991 44 22384034
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Kanpur	Tech. Service Centre	14A, 150, Feet Road, Jajmau, 1st Floor Kanpur - 208 010 Phone : 0991 512 2462501
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Ranipet	Tech. Service Centre	No. 18, 2nd Floor, Othawadai Street Navalpur, Ranipet-632402, Vellore District Phone : 0991 4172 273408
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Pondicherry	Tech. Service Centre	RS No. 138/12 & 138/14, Palayam Road Thirubuvanai, Pondicherry - 605 107 Phone : 95413 2640622, 640844
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Kolkata	Tech. Service Centre
<td