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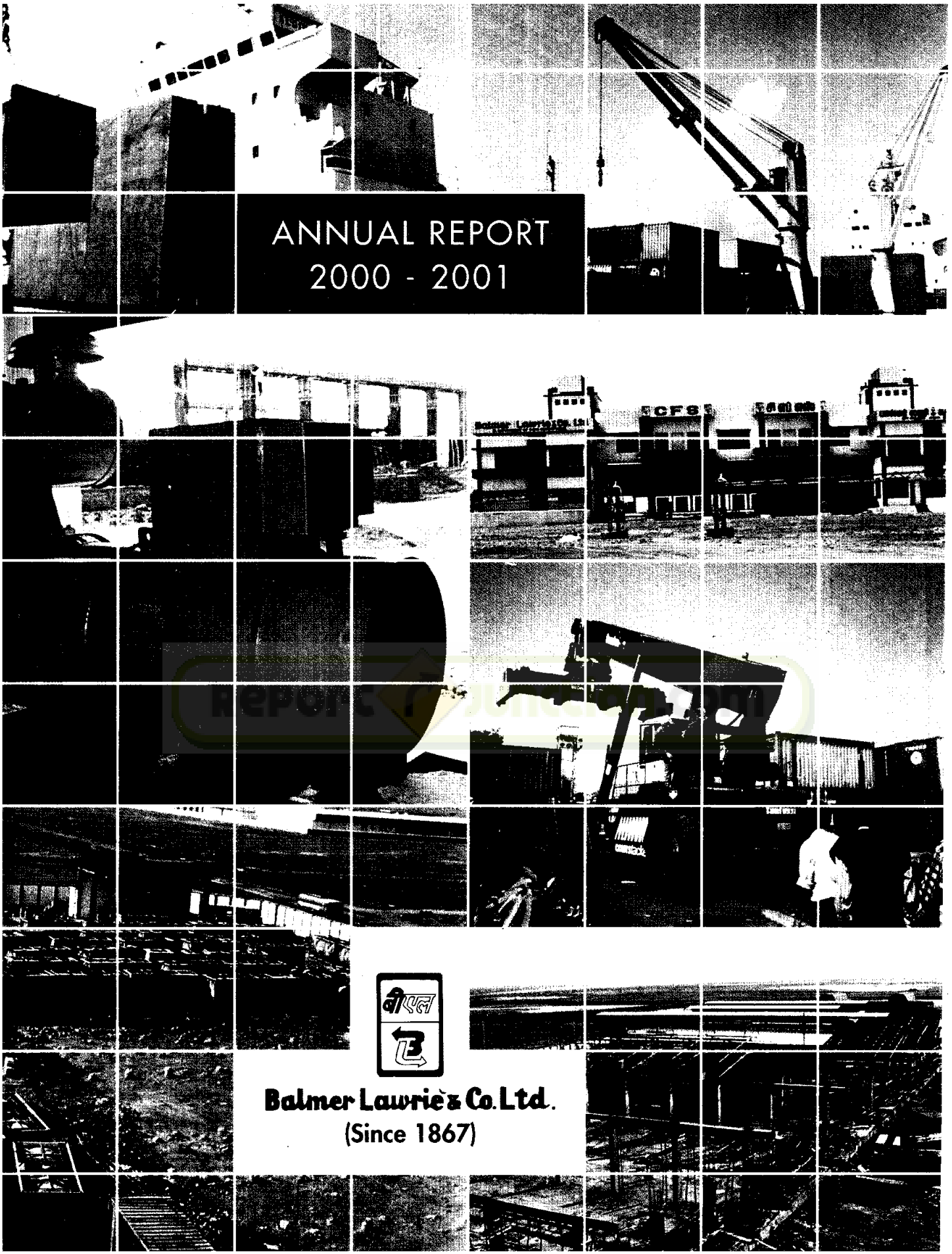

ANNUAL REPORT
2000 - 2001

Balmer Lawrie & Co. Ltd.

(Since 1867)

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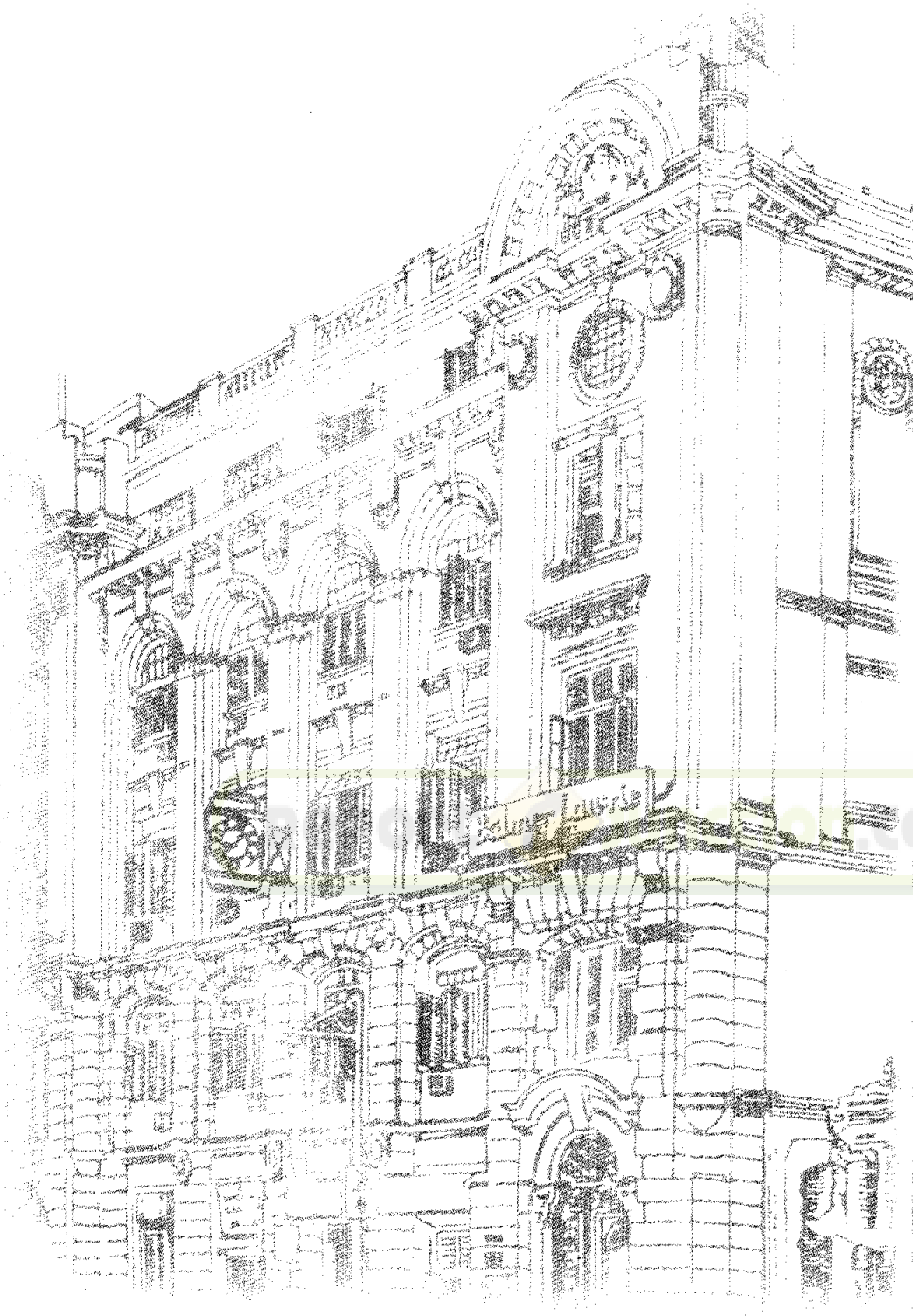

Balmer Lawrie & Co. Ltd.

Mission

"To maintain market leadership in the chosen fields of activities viz. Lubricants, Chemicals, Packaging, Containerisation and Services through continuous growth in domestic and export operations."

Beliefs

"Preserve and foster our century old tradition of deep-rooted commitment to business values, employee pride in the organisation and company's concern for well being, professional & career advancement of employees at all levels as also advancement of social benefits."

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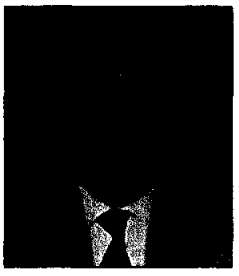
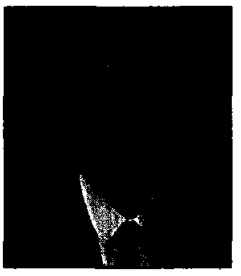
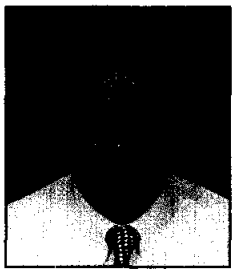
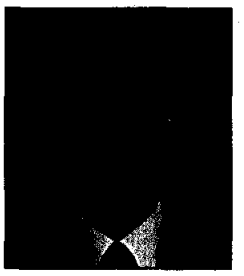
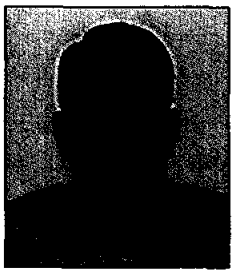
Board of Directors


S. N. Mathur


R. Singhal


N. P. Singh


P. K. Bishnoi


A. K. Srivastava

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Company Secretary	R. Mukherjee
Executive Directors	S. B. Chakravarty A. K. Ghosh M. Haque P. Radhakrishnan
Registered Office	21, Netaji Subhas Road, Kolkata - 700 001
Bankers	ABN AMRO Bank N.V. Allahabad Bank Bank of Baroda Canara Bank Citibank NA HDFC Bank Limited Standard Chartered Grindlays Bank Limited State Bank of India The Hongkong and Shanghai Banking Corporation Limited United Bank of India
Auditors	S. K. Basu & Co.
Branch Auditors	R. M. Khandelwal & Co. Kalyanasundaram & Co. B. Jain & Associates
Registrar & Share Transfer Agents	MCS Limited

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Key Management Personnel as on 31 July 2001

Name	Qualification	Designation	Age (in completed Years)	Total No. of years of experience
S. N. Mathur *	B.Tech. (Chem. Engg.)	Chairman & Managing Director	56	34
N. P. Singh	B. Sc. (Engg.), -Metallurgy	Director (Bombay)	56	32
R. Singhal	B. Sc. (Engg.) -Mech., PGDM	Director (Calcutta)	54	32
P. K. Bishnoi	B. Sc. (Engg.) Petroleum, PGDM	Director (Finance)	50	27
S. B. Chakravarty	B. Tech. -Civil, PGDM	Executive Director (Technical)	52	28
Dr. M. Haque	B. Sc., MBBS, TDD	Executive Director (Medical Services)	59	32
P. Radhakrishnan	B. A., DSW	Executive Director (Human Resource)	51	27
A. K. Ghosh	B. Com., ACA	Executive Director (Logistics Management)	50	25
R. Kannan	B. Tech. (Engg.) - Chem.	General Manager (Grease and Oleochemical Specialities, Bombay)	56	35
K. V. Rajan	B. A.	General Manager (Travel and Tours)	53	32
S. K. Mukherji	B. Com., AICWA	General Manager (Finance)	49	32
V. N. Sharma	B. Tech. (Engg.) -Chem., MBA	General Manager (Grease & Lubricants)	48	25
P. P. Sahoo	M. A. (PM and IR), LL.B	General Manager (Tea)	46	23
A. Dayal **	B.A., DMM	General Manager (Marketing, Industrial Packaging)	46	25
G. Roy	B. Tech. (Engg.) - Mech.	General Manager (Madras)	51	30
B. K. Sen	B. E. (Civil), C. Engg. (I) FICA, FIV.	General Manager (Projects)	56	35
R. Mukherjee	B. Com., LL.B., FCS., FICWA	Company Secretary	45	20

* Chairman & Managing Director of IBP Co. Limited has taken over additional charge of Managing Director with effect from 1 December, 2000.

** On Secondment from Balmer Lawrie – Van Leer Ltd.

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Notice to the Members

NOTICE is hereby given that the 84th Annual General Meeting of the Members of Balmer Lawrie & Co. Ltd. will be held at Ghanashyam Das Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata - 700 019, on Tuesday, 25 September, 2001, at 10: 30 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31 March, 2001 and the Profit and Loss Account for the financial year ended 31 March, 2001 and the Reports of the Auditors and Directors thereon.
2. To declare dividend.
3. To appoint Directors in place of Shri R. Singhal and Shri N. P. Singh who retire by rotation and being eligible, offer themselves for re-appointment.
4. To fix remuneration of the Auditors and to pass with or without modification(s) the following Resolution :

   As a Special Resolution :

   "RESOLVED that pursuant to Section 224A, read with Section 224(8)(aa) and Section 619 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 by the said Auditors."

SPECIAL BUSINESS :

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

5. **As a Special Resolution :**

   "RESOLVED that in terms of Section 31 of the Companies Act, 1956, the following articles of the Articles of Association be amended for incorporation

   Insertion of a new Article under Article 1:

   The existing definition of the word "Dividend" shall be deleted and the following definition shall be included :

   "Dividend includes interim dividend or any other dividend recommended by the Board of Directors for payment to the shareholders."

   Insertion of a new Article 147A :

   Within 5 days from the date of declaration, the amount of dividend payable to the shareholders shall be deposited in a separate bank account with suitable nomenclature.

   Amendment in existing Article 156 :

   The word "forty-two days" appearing in the article shall be substituted with the word "thirty days."

Registered Office :
21, Netaji Subhas Road
Kolkata 700 001
14 August, 2001

By Order of the Board
R. Mukherjee
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL IN HIS STEAD, AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office, not less than 48 hours before the Meeting.
3. Dividend, if any, that may be declared at the Meeting, will be payable, except dividends which are to be kept under abeyance as per the provisions of Section 206A of the Companies Act, 1956 (hereinafter stated as "the Act") to those members, whose names will appear in the Register of Members or in the beneficiaries list of the Depositories on 25 September, 2001 and dividend warrants will be mailed to them or to their mandatees.

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4. Members are requested to:

   I. **intimate MCS Ltd on or before 18 September, 2001 at 77/2A Hazra Road (3rd and 5th Floor), Kolkata - 700 029 Fax (033) 474 7674 email : mcscal@cal2.vsnl.net.in**

      a) **change in their address (including Pin Code), mandate, etc. ;**

      b) **bank account number, name and address of the bank.**

   II. quote the ledger folio or Client ID and DP ID numbers in all communications with the Company;

   III. bring their copies of Annual Report and show Attendance Slip and Entry Pass at the entrance of the venue of the Meeting. Annual Report shall not be distributed at the venue of the Meeting;

   IV. note that the Register of Members and Share Transfer Books shall remain closed from 19 September, 2001 to 25 September, 2001 (both days inclusive);

   V. note that unclaimed Dividends up to Interim Dividend paid in 1995 have been transferred to the General Revenue Account of the Central Government pursuant to Section 205A of the Act. Unclaimed Dividend from the final Dividend of 1995 shall be deposited with the Investor Education and Protection Fund as and when applicable regulation under Section 205A of the Act shall be framed;

   VI. note that in terms of Section 224(8)(aa) and 619 of the Act, as amended on 13 December, 2000, in case of a Government Company, the Comptroller and Auditor General of India though shall appoint the Auditor(s) but the remuneration or the manner of fixation of such remuneration, shall be fixed by the Company at the general meeting. Item no. 4 under the ordinary business has been inserted as a Special Resolution, pursuant to section 224A of the Act.

Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item 5

The Companies Act, 1956 (hereinafter stated as "the Act") has been amended on 13 December, 2000. This amendment has brought about several significant changes in the Act. Consequently it has become necessary for your Company to alter few of the existing articles contained in the Articles of Association which were earlier framed on the relevant provisions of the Indian Companies Act, 1913 and the Act, pertaining to dividend. Incorporation of changes in the articles in line with the amendment of the Act, relating to dividend i.e. payment of dividend within thirty days, depositing the amount of dividend in a special account within five days of declaration, definition of dividend, these were considered expedient for insertion in the Articles of Association of the Company in the interest of the shareholders, by your Directors.

In terms of Section 31 of the Act, alteration of Articles of Association can be made only by passing a special resolution and accordingly the Directors recommend a special resolution as stated under item 5 in the Notice convening the 84th Annual General Meeting for approval of the shareholders.

A copy of the existing Articles of Association shall be available for inspection by any member at the Registered Office on any working days except Saturdays during 10 a.m. to 12 noon.

None of the Directors is concerned or interested in the proposed special resolution.

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Details of the Directors seeking Appointment/re-Appointment in the 84th Annual General Meeting to be held on 25 September, 2001.

Name of Director	Shri Navin Prasad Singh	Shri Rajiv Singhal
Date of Birth	10 February, 1945	2 March, 1947
Date of Appointment	30 January, 1997	30 January, 1997
Date of last re-Appointment	23 September, 1997	23 September, 1997
Qualification	B. Sc. (Engg.) - Metallurgy	B.Sc., (Engg.), Mech. PGDM
Expertise in Specific Functional area	Having over 32 years of experience in Balmer Lawrie & Co. Ltd. out of which more than 4 years at the Board level and 3 years as Chief Executive Officer of erstwhile Tri-Sure (India) Limited, now known as Balmer Lawrie - Van Leer Limited. Presently is also a nominee Director of the latter company. A well known specialist and expert in the field of liquid, semi-solid and gas packaging. He has vast knowledge of lubricating oils and grease industry. Participated in several high level management development programmes in India and abroad. Participated in the Indian delegation of CII to UK related to packaging machinery industry in 1997. Also serving as a Member on the governing body of International Packaging Network, an apex association of Packaging Manufacturers from all over the world.	Having total of over 31 years of experience - 5 years with large engineering companies, i.e. Mukund Iron & Steel Works-Bombay, TELCO-Pune and 26 years in Balmer Lawrie & Co. Ltd. Has been on the Board of the Company for over 4 years. He has worked in various capacities in the manufacturing activities (Steel Drums, LPG Cylinders, Plastic Drums, Leather Chemicals, Tea Blending, Packing & Export), Trading Activities (International Business, Tea exports) and Services Activity (Travel, Tours & Cargo) of the Company. He was deeply involved in set up of expansion projects and has operated them successfully. He thus has acquired expertise in Manufacturing, Projects and Trading & Services related businesses of the Company.

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Directors' Report

Your Directors have pleasure in presenting their 84th Report for the financial year ended 31 March 2001, together with the audited Balance Sheet and Profit & Loss Account of your Company.

FINANCIAL RESULTS

	Rs. in Lakhs Year ended on 31 March	
	2001	2000
Surplus for the year before Finance charge, depreciation & tax	**4864**	4945
Deduct therefrom :		
Finance charge & depreciation	**4163**	3313
Corporate Taxation	**100**	200
	601	1432
Add transfer from :		
Profit & Loss Account	**1008**	546
Amount available for Appropriation	**1609**	1978
Appropriation :		
Amount available for disposal	**1609**	1978
Out of which :		
Proposed Dividend —		
Interim Dividend	**—**	244
Final Dividend @ Rs.1.50 per Equity Share (Previous year Rs. 2.50 per Equity Share)	**244**	163
Corporate Tax on Dividend	**25**	63
Transfer to Contingency Reserve	**—**	—
Transfer to General Reserve	**200**	500
Transfer to Share Investment Reserve	**—**	—
Surplus carried forward to next year	**1140**	1008

The Directors have recommended a Dividend of Rs. 1.50 per Equity Share of Rs. 10 each fully paid up on the paid up capital of 1,62,86,081 Equity Shares for the year, for declaration at the 84th Annual General Meeting.

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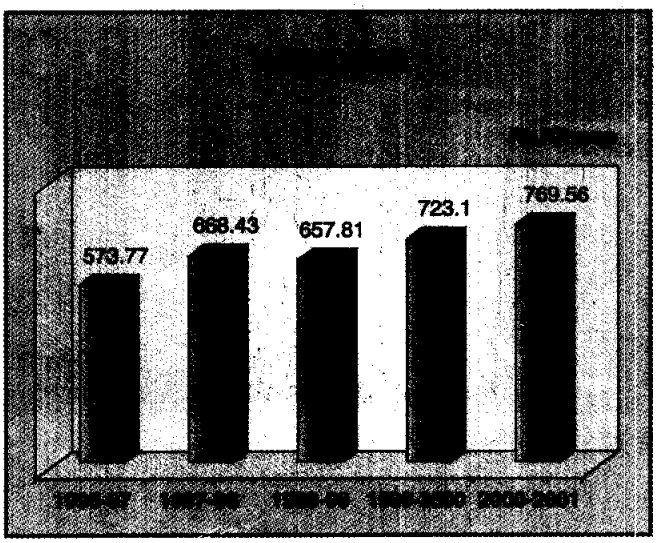


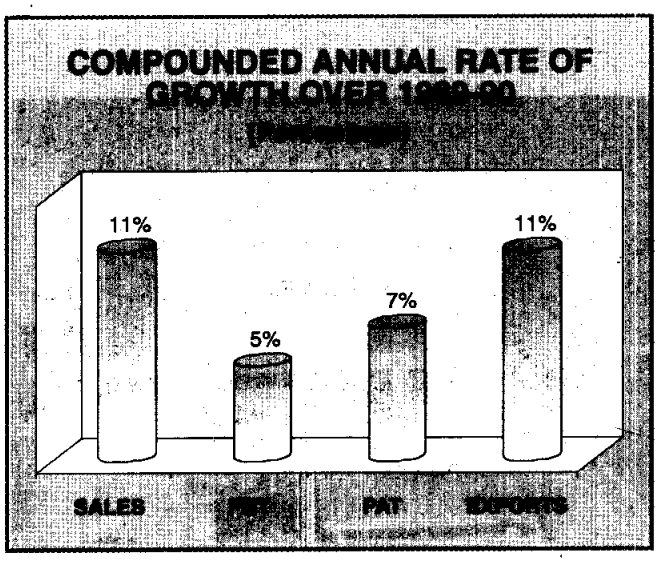
OVERVIEW :

The Directors of your Company are pleased to present their 84th Annual Report for the financial year ended 31 March, 2001.

During the year under review the real GDP growth rate was 6% compared to 6.4% in the last year and 6.6% in the year before. The reduction of GDPgrowth rate is mainly due to the decline in the growth rate of service sector from 9.6%, in 1999-2000 to 8.3% in the current year. The gradual slowdown of the economy and severe competitive pressures have adversely affected the workings of your Company. Despite reduction in the net profit, 2000-2001 was significant in that the Balmer Lawrie team, in the face of a combination of adverse conditions, defended chosen markets, pursued strategic projects and implemented major changes in operations and posted 12% higher operating profit during the financial year before depreciation, deferred revenue expenditure (on account of Special Voluntary Separation Scheme) and one time impact of write-offs of debts from trading transaction and provision for diminution in value of investments. However, despite a drop in net profit there were some major achievements during the year. These were particularly significant since they were accomplished in spite of challenging external pressures and have been reported in detail in this report under 'Operations'.

The year in retrospect could be summarized as :

- Compared with the previous year the overall turnover improved by 6.5% which was contributed by a significant increase in turnover of Project Engineering & Consultancy by about 26%, followed by service businesses which grew over 15% and manufacturing businesses which grew around 5%. There was however, a sharp decline in turnover of trading goods by 62% coupled with reduction of other income by about 14%.
- Gross profit for the year stood at Rs. 185.26 Crores as compared to Rs. 180.20 Crores during the previous year.
- Operating profit before depreciation and deferred revenue expenditure stood at a higher figure of Rs. 32.18 Crores as compared to Rs. 28.82 Crores in the previous year.
- The profit before tax has been reduced by 57% mainly for one time set off of Rs. 9.31 Crores made against the profit before tax for the year and impact of deferred revenue expenditure for Rs. 6.04 Crores.
- There has been substantial decrease in the quantum of capital employed from Rs. 404 Crores in 1999-2000 to Rs. 383 Crores in 2000-2001 and net working capital from Rs. 125 Crores in 1999-2000 to Rs. 97 Crores in 2000-2001.



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OPERATIONS:

Industrial Packaging:

During the year under review the largest consumer segment of Barrel & Drums business i.e. the lubricants saw a negative growth of about 6%. The prevailing over capacity in the 210 litre steel drum industry alongwith the shrinkage in demand intensified the competitive environment and resulted in erosion in margin. Through continued focus on customer relationship management and sustained product quality drive, the division was able to record a 3% growth in sales volumes over the previous year, although prices were under considerable strain.

With continued emphasis on new customer development, the division has successfully inducted customers from MNCs and reputed Indian corporate houses.

The LPG cylinder manufacturing activity witnessed an improved performance in both production and sales volume thereby contributing to the division's bottom line. The division participated in tender of some oil sector customers for procurement of LPG cylinders and is well placed in the same.

During the year this division of your Company zeroed in on achieving further efficiencies in manufacturing facilities, raw material procurement and reduction in manpower effected by a Special Voluntary Separation Scheme. As a consequence the division has achieved its targeted parameters in terms of volume, product quality, level of manufacturing and procurement efficiency These efforts have resulted in satisfactory performance for the division.

Steel Barrel Manufacturing line

Greases & Lubricants:

Your company achieved an overall sales volume of 37,943 MT during the year, compared to 38,893 MT in 1999-00 primarily due to decline in the consumption of lubricants in the country. The sales volume comprised of processing business of greases, oils and compounds as well as sales of *Balmerol*® range. Processing business was 1.2% below the previous year's level and sales of *Balmerol*® range fell by 4.7%, *Balmerol*® sales were adversely affected by the depressed demand from the major segment of industrial customers and negative growth in the automotive segment. The drop in the processing business reflected the overall lubricants market situation.

Steep increase in the prices of lubricating base oils, coupled with the inability to pass on the cost increases to customers due to competitive pressures and contractual obligations, resulted in an unprecedented set back in the profitability.

Several initiatives were taken during the year, which would yield positive results in the current year and thereafter. A number of new grades of greases and oils, most of them speciality products and import substitutes were commercialized and field trial orders secured for several others. Considering

Grease can filling line

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