

Balmer Lawrie - UAE

Balmer Lawrie - Van Leer

Transafe Services

AVI - OIL

PT Balmer Lawrie Indonesia

BALMER LAWRIE HIND TERMINAL

Balmer Lawrie ANNUAL REPORT 2012-13

LOGISTICS SERVICES

LOGISTICS INFRASTRUCTURE

INDUSTRIAL PACKAGING

GREASES & LUBRICANTS

TOURS & TRAVEL

PERFORMANCE CHEMICALS

REFINERY & OILFIELD SERVICES

बामर लॉरी एण्ड कं. लिमिटेड
(भारत सरकार का एक प्रतिष्ठान)



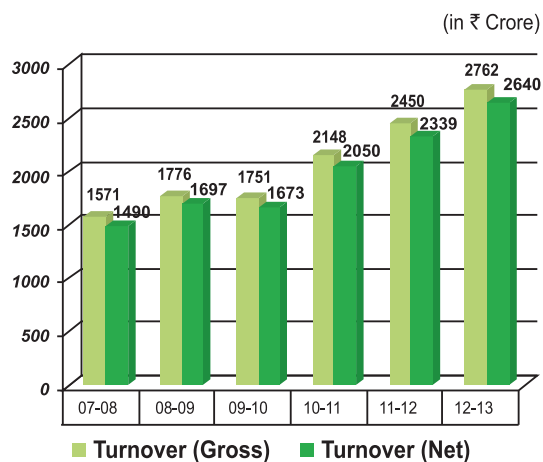
Balmer Lawrie & Co. Ltd.
(A Government of India Enterprise)

Vision

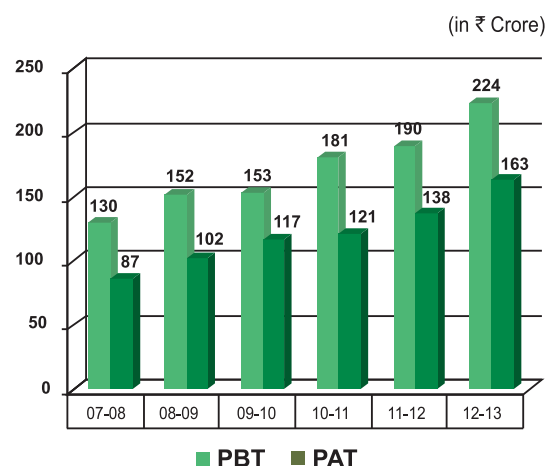
To be a leading diversified corporate entity having market leadership
with global presence in the chosen areas of operations,
consistently delivering value to all stakeholders,
with environmental and social responsibility.



Turnover



Profits



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Board of Directors	: : Shri Virendra Sinha, Chairman & Managing Director : Shri VLVSS Subba Rao, Govt. Nominee Director : Shri Partha S. Das, Govt. Nominee Director : Shri P. P. Sahoo, Director (Human Resource & Corporate Affairs) : Shri Niraj Gupta, Director (Service Business) : Shri Anand Dayal, Director (Manufacturing Business) : Shri Prabal Basu, Director (Finance)
Company Secretary	: Shri Amit Ghosh
Registered Office	: Balmer Lawrie House 21, Netaji Subhas Road Kolkata - 700 001
Bankers	: Allahabad Bank Bank of Baroda Canara Bank HDFC Bank Limited Indusind Bank Limited Standard Chartered Bank State Bank of India The Hongkong and Shanghai Banking Corporation Limited United Bank of India Vijaya Bank
Statutory Auditors	: Messrs Vidya & Company Centre Point, 21 Hemanta Basu Sarani Kolkata - 700 001
Branch Auditors	: Messrs Suri & Co. No. 4 (Old No. 55A) Chevaliar Sivaji Ganesan Road (South Boag Road), Thyagaraya Nagar Chennai - 600 017 Messrs Om Prakash S. Chaplot & Co. 101 Vatsalya Co-op Society, Vatsalya Building, Nr. RTO Office RTO Road, Andheri (W) Mumbai 400 053 Messrs Gupta Sharma & Associates 22, First Floor Suraj Nagar, Azadpur New Delhi - 110 033
Internal Auditors	: Messrs Haribhakti & Co Geetanjali Apartments Flat No. 7G, 7th Floor 8B, Middleton Street Kolkata - 700 071
Registrar & Share Transfer Agent	: Link Intime India Pvt. Ltd. 59C, Chowringhee Road, 3rd Floor Kolkata - 700 020

MANAGEMENT TEAM

Sl. No.	Name	Qualification	Designation	Date of Birth	Date of Joining in Balmer Lawrie	Total years of experience as on 25.08.2013
1	SHRI VIRENDRA SINHA	BA, MBA	CHAIRMAN & MANAGING DIRECTOR	13.07.1955	01.12.2006	35
2	SHRI PREM PRAKASH SAHOO	BA (HONS) MA (PM&IR) LL.B	DIRECTOR (HUMAN RESOURCE & CORPORATE AFFAIRS)	07.05.1954	17.07.1987	35
3	SHRI NIRAJ GUPTA	B.COM(HONS) ACA	DIRECTOR (SERVICE BUSINESS)	17.07.1955	03.03.1980	33
4	SHRI ANAND DAYAL	BA DIP IN MKTG MGMT	DIRECTOR (MANUFACTURING BUSINESS)	13.12.1954	01.01.2008	37
5	SHRI PRABAL BASU	B.COM (HONS) ACA, ACMA, ACS	DIRECTOR (FINANCE)	18.10.1963	04.04.1988	27
6	SHRI HARI KISHAN BHOKLAY	B.SC (HONS) AGRI PG DIP IN MGMT	EXECUTIVE DIRECTOR (CORPORATE AFFAIRS)	04.02.1955	02.05.1978	35
7	SHRI S RAVIKUMAR	B.TECH (CHEM) ME (CHEM)	CHIEF OPERATING OFFICER (PERFORMANCE CHEMICALS)	01.05.1954	18.11.1983	34
8	SHRI ANANDA SENGUPTA	BME PGDBM PGDHRM	CHIEF OPERATING OFFICER (LOGISTICS INFRASTRUCTURE)	26.02.1956	16.07.2001	33
9	SHRI MURTHY RAMAKRISHNA	B.SC (HONS) MA IN SOCIAL SC DIP PM & IR, LL.B	CHIEF OPERATING OFFICER (INDUSTRIAL PACKAGING)	10.10.1954	09.06.1980	35
10	SHRI G N MATTOO	B.SC PG DIP IN SW PG DIP BANKING ADMN MBA	SENIOR VICE PRESIDENT (HUMAN RESOURCE)	25.02.1954	03.06.1988	35
11	SHRI MANASH MUKHOPADHYAY	B.SC (HONS) M. STAT DIP IN COMP SC	SENIOR VICE PRESIDENT (INFORMATION TECHNOLOGY)	06.01.1955	01.06.1993	35

Sl. No.	Name	Qualification	Designation	Date of Birth	Date of Joining in Balmer Lawrie	Total years of experience as on 25.07.2013
12	SHRI BISWARUP CHAKRABORTI	BE (METALLURGICAL) PGD IN SQC DIP IN MGMT	SENIOR VICE PRESIDENT (NEW INITIATIVES)	14.02.1957	04.05.1985	32
13	SMT PUKHRAJ SABHARWAL	B.SC (HONS) MA DIP IN BUSINESS ADMN TVL COURSE ON IATA-UFTAA	CHIEF OPERATING OFFICER (TOURS & TRAVEL)	30.09.1954	01.03.1977	36
14	SHRI ABHIJIT ROY	B.SC (CHEMISTRY) M.SC (ORGANIC)	CHIEF OPERATING OFFICER (GREASES & LUBRICANTS)	19.11.1958	01.07.1982	31
15	SHRI MANOJ LAKHANPAL	B.COM ACA	SENIOR VICE PRESIDENT (FINANCE)	15.08.1958	15.04.1988	32
16	SHRI SANJIBAN DHAR	BE (MECH)	SENIOR VICE PRESIDENT (ASSET RATIONALISATION & NEW INITIATIVES)	01.01.1954	25.01.1984	37
17	SHRI AMRIT MUKHOPADHYAY	BE (CIVIL) ME (COLLABORATIVE) IN PROJ ENGG MBA	SENIOR VICE PRESIDENT (TECHNICAL)	11.12.1957	03.12.1984	34
18	SHRI AMIT GHOSH	B.COM (HONS) ACA ACS LL.B	COMPANY SECRETARY	21.10.1954	13.08.2007 (ON DEPUTATION) 01.05.2012 (ON ABSORPTION)	32

DEPUTED / SECONDED FROM BALMER LAWRIE TO JOINT VENTURE COMPANY

1	SHRI SAMIR GHOSH	B.COM (HONS) M.COM LL.B CA CMA	PRESIDENT DIRECTOR PT. BALMER LAWRIE INDONESIA	02.05.1957	10.12.1986	35
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DEPUTED FROM THE GOVT OF INDIA TO BALMER LAWRIE

1	SHRI SANJEEVA KUMAR	IAS MA (DEVELOPMENT STUDIES)	CHIEF VIGILANCE OFFICER	14.09.1961	01.06.2013	25
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CHAIRMAN'S MESSAGE

Dear Esteemed Members,

I have been looking forward to the 96th Annual General Meeting as it is a great meeting place for me to interact with our distinguished Members. Before I do so, it is my privilege to take you through the current economic backdrop and to present to you certain developments, which are essential for understanding the Company and its performance during 2012-13. I, therefore, begin with the Business Environment.

The Business Environment

During 2012-13, the Global economy continued to face a number of significant challenges, which has further retarded the much-needed revival after an economic crisis in the west spanning half a decade or so. In fact, the growth rate in advanced economies fell further from 1.7% in 2011 to 1.2% in 2012. The financial difficulties in most of the Euro Zone countries continued to persist and the European economies saw rising unemployment, financial sector fragility, fiscal austerity and low to negligible growth. In the United States the political gridlock on fiscal tightening continued and dampened the growth outlook. Asian economies too moved into low gear especially because the twin growth engines of the region, China and India have been affected by the after-effects of the global slowdown.

During 12-13 the Indian economy remained a fast growing economy only if compared with the growth in the advanced nations as statistics indicate that the country logged the decade's lowest GDP growth of 5 % in 2012-13. This slow growth rate — especially declining industrial output — is a matter of concern since it poses a threat to job creation and aggravates the investment climate as well as the inclination of people to invest. In a bid to boost the economy and to attract foreign investments, the government approved a slew of reforms in its Foreign Direct Investment policy. While raising the FDI cap in the telecom, asset management and credit information sectors; it watered down several conditions for foreign investors in multi-brand retail sector and eased norms by permitting investments through the automatic route.

In this increasingly difficult phase intensified by an unpredictable global landscape, your Company successfully

lived up to the stakeholders' expectations by delivering overall healthy revenues and results.

SBU Performance

Your Company is a multiproduct conglomerate; so let me present to you a brief overview of the performance of the Strategic Business Units or SBUs, as we call them, during 2012-13.

Industrial Packaging

During 2012-13, the SBU: Industrial Packaging continued to retain its lead position in terms of market share in spite of intense competition from various quarters. This SBU is India's largest manufacturer of steel barrels catering to the Petroleum, Chemicals and Food Industry. It is a matter of pride that leveraging the benefit of its multi-locational presence and well-accepted quality standards, the SBU has earned the status of "the most preferred supplier" from its large customer base. Its margins were squeezed during 2012-13 but with aggressive pricing the overall volumes reached the level of the previous year.

Greases & Lubricants

Our SBU: Greases & Lubricants manufactures and markets Lubricants both in the Industrial and Retail segments. SBU:G&L operates mainly in two wings - Automotive grades, which constitute about 60% of the market and Industrial & Marine Grades, which represent the balance. This SBU is in the process of aligning its operations, sales and marketing as well as supply chain management to aggressively push up its market share in the Retail segment. The R&D unit of the SBU maintains international standards by providing the decisive cutting-edge technology. With its renewed strategies, SBU:G&L maintained its overall performance level both in terms of production and sales during 2012-13 as compared to the previous year. I am happy to report that despite the competitive pressures, the profit of the SBU during the year even surpassed the previous year's profit.

Performance Chemicals

SBU: Performance Chemicals of the Company is essentially in the business of manufacture and marketing of Syntans and Synthetic Fat Liquors in the Leather industry in competition with suppliers of imported products. The SBU aims to make a foray into the Finishing Segment of Leather industry, a niche area promising relatively better margins. The focus is on augmentation of capacity and expanding the product range for generating growth. Despite its competition with the suppliers of imported Fat Liquor, the SBU is in a favorable position supplying its products at a competitive price. The Sales volume and turnover of the SBU increased significantly in 2012-13 as compared with 2011-12. The SBU has diversified its product portfolio by entering into the business of Construction Chemicals. While this business is still to generate adequate returns, it has good market potential for growth.

Logistics Services

Our Company's SBU: Logistics Services offers a comprehensive array of services which include import consolidation by air and ocean, customs clearance at sea ports, handling of project cargo through multi-modal transportation, chartering of aircrafts & vessels and providing express services. Major part of the revenue comes from air cargo consolidation and handling. Strategically, the SBU is focusing its attention on catering to ocean freight requirements since it perceives additional growth opportunities in this segment. Also in focus are the other key factors that can accelerate further growth in the Logistics industry such as the emergence of organized retailing in India and increase in foreign trade. Significantly, most of the industries such as Automotive, Electronics and Pharmaceutical Sectors are opting to outsource their logistics requirement to specialized third party Logistics service providers. It would be of interest to you that, despite the slow down in the Indian Economy and the Euro Zone crises, the SBU registered its highest ever profits in 2012-13 through expansion of its business activities into newer areas, instituting measures geared at controlling cost and marketing value added services to its customers.

Tours & Travel

Your Company is one of the largest travel agencies in India affiliated to IATA mainly catering to four segments viz., Government & Corporate domestic travel, Government & Corporate international travel, MICE and tour packages. The USP of the SBU is its extensive network of offices, 24x7 Call Center and its experienced manpower. With the reduction in commission by the airlines, non-availability of productivity-linked bonus from domestic carriers and most major International Airlines along with reduction in credit period, the SBU is facing a major challenge in maintaining margins. To overcome this, focus is being laid on being cost-effective in operations while simultaneously gearing momentum towards improving customer focus and launching new initiatives. The performance of the SBU in 2012-13 was an improvement over the previous year and in line with projections despite the industry reflecting a bearish trend and notwithstanding the fact that airline industry is passing through a very difficult period with almost all domestic carriers incurring huge losses.

Logistics Infrastructure

Our SBU: Logistics Infrastructure operates three state-of-the-art CFSs at Nava Sheva [Navi Mumbai], Chennai and Kolkata. This SBU - together with SBU Logistics Services - continued to remain the prime profit generator of the Company in 2012-13. During the fiscal 2012-13, Warehousing activity turned in an impressive performance recording significant growth in volumes, turnover and profit. The growth in CFS activity was, however, marginal.

Tea

The volume of business pertaining to the SBU: Tea of the Company has risen with increase in clientele and improved operational control but the fixed costs of the SBU – which really represent sunk cost – are uneconomic. The difficulties

have multiplied as the Company does not have its own tea gardens. The availability of limited in-house expertise to effectively carry on the business has also been an inhibiting factor. Consequently, SBU: Tea has been incurring losses year-on-year and is hardly in a position to generate positive contribution. Attempts to effect a turnaround have not yielded any positive result. Possibility of setting up joint ventures by roping in a Strategic Partner has also been explored but the same has not been successful.

From a pragmatic standpoint, therefore, the Company has taken the decision to exit the Tea business and is in the process of closing down the activity.

Refinery & Oilfield Services

SBU: Refinery & Oilfield Services primarily operates in the field of Mechanized Oil Tank Sludge Cleaning and Hydrocarbon Recovery Services. This SBU operates in an essentially nascent industry with a very limited number of players and thus enjoys a sizable market share in the processing of oily sludge. During 2012-13 the SBU has recorded a 10% increase in turnover and 150% increase in profit, without any addition to its human resources.

Overall Financial Performance

Despite difficult market conditions, your Company strove to deliver optimum returns to the shareholders during 2012-13.

The year thus saw your Company recording its highest ever Turnover with net sales crossing ₹ 2762 crore as against ₹ 2450 crore in the previous year, while Profit Before Tax and Profit After Tax increased to ₹ 224 crore and ₹ 163 crore respectively both representing an 18% increase over the previous year.

Between March and May 2013, your Company accomplished another milestone by issuing Bonus Equity Shares to the esteemed Shareholders. The Board of Directors approved issuance of 1,22,14,560 bonus equity shares of ₹ 10 each in the proportion of 3 new Bonus Shares of ₹ 10/- each for every 4 existing fully paid Equity Shares of ₹ 10/- each of the Company which were successfully allotted on 25 May 2013 after obtaining assent of the members through Postal Ballot. Issue formalities have been duly completed with listing of the new shares. The process of selling the fractional shares and distributing the proceeds to fractional share allottees, after netting of costs, would be taken up within a short course of time.

For the financial year 2012-13, the Board of Directors has recommended a dividend of 176% on the expanded capital base of the Company post Bonus issue, which in effect represents a rate of 308% on the pre-Bonus share capital of the Company up from 280% in the last year. It is now for the shareholders to declare the dividend at the Annual General Meeting.

The First Quarter: 2013-14

Your Company published its Unaudited Financial Results for the First Quarter ended 30 June 2013 after the same were approved by the Board at its Meeting held on 12 August

2013. Although both gross and net turnover have increased by 2% each over the corresponding quarter last year, the PBT and PAT have declined significantly. The downtrend is attributable to a sharp fall in the business of SBU: Logistics Infrastructure – the strongest contributor to the profitability of the Company during 2012-13 — due to the economic slowdown, decline in the EXIM trade, drop in the value of the Rupee against all major currencies and significant overcapacity in Mumbai and Chennai leading to cut-throat competition in the industry. The profitability of SBU: Tours & Travel has also been impacted as a result of the Hon'ble Supreme Court's order directing the Airlines not to charge "Transaction Fee" which ultimately was forming a part of the Travel Agents revenue. The SBU is now in the process of migrating to the regime of "Service Charges".

Despite the above adverse conditions your Company is optimistic that during the remaining three quarters with aggressive marketing and effective cost control, the shortfall would be bridged to register business growth.

Future Outlook

Your Company's missionary goal is to gain market leadership in all its business segments through innovative business strategies and efficient use of resources. In this journey it aims to deepen its commitment towards business values and its employees for an inclusive growth irrespective of the economic environment.

To quote John F. Kennedy:

"When written in Chinese, the word 'Crisis' is composed of two characters. One represents danger and the other represents Opportunity."

We take inspiration from these words of wisdom as we focus on our own strengths and weaknesses, study the Future Outlook and make significant strides with the objective of generating continuity with positive growth for the Company and its valued Shareholders.

The indicators for the **SBU: Industrial Packaging** point towards a reasonably good 2013-14 with the fruit segment partially offsetting the loss of PSU and Government business caused by reservation of steel drums and barrels in favour of MSMEs. Construction of the High Throughput Plant at Navi Mumbai is in full swing and is expected to become fully operational by 31st March 2014. This is expected to add a further competitive edge to the profile of SBU:IP.

The outlook for the **SBU: Greases & Lubricants** is potentially attractive noting that the SBU is scanning opportunities for pioneering entry into manufacture and supply of eco-friendly / biodegradable lubricants in the Indian market. SBU:G&L is also considering introduction of value-added specialty products for niche markets especially for the steel and the automobile industry. Also on the anvil are plans to aggressively market products in the retail sector.

Our **SBU: Performance Chemicals** continues to face a difficult phase since the effects of the Euro-zone crisis lingers. The way forward is to strengthen its presence in the Fat Liquor segment in the domestic market as well as export

market. In the Admixture segment of Construction Chemicals, the SBU:PC has developed a premium range of Poly Carboxylate Ether based admixture and hopefully your Company would soon be the first indigenous manufacturer to launch the product in India. In the long-term the pay-off from the Construction Chemicals business looks promising.

SBU: Logistics Services, keeping to the fore growth objectives, has stretched its activities in and across the country by opening three new branches with more in the pipeline. SBU:LS now has 22 branches across the country all geared to the task of meeting competitive challenges with its strong associate support and value added services including customized services to its customers.

Despite the adverse conditions, **SBU: Tours & Travel** expects significant growth in volume of business from its Corporate Client base, which is still dependent on travel agents and it is also focusing on higher sales through its online portal launched during the year. However, strategically the SBU is increasingly focusing on non-ticketing revenue streams and aggressive plans have been drawn up to promote its products and services including Tour packages through press and digital media.

SBU: Logistics Infrastructure is pursuing an intense growth strategy. On the anvil is a proposal to set up a Multi Modal Logistics Hub in Visakhapatnam and another in the hinterland of Kolkata. The Company is also giving shape to its plan of setting up three Cold Chain Facilities in different parts of the country to accelerate future growth.

SBU: Refinery & Oilfield Services of your Company aims to diversify its service portfolio in the coming years. SBU:ROFS is chalking out plans to create increasing market awareness of the range of services provided by it. It is also considering plans for entry into Environmental Engineering in the waste management area, which is expected to offer significant growth opportunities.

Corporate Governance

To us Corporate Governance is a reflection of our Company's culture, policies, relationship with stakeholders, and loyalty to values. As a part of our commitment to follow global best practices, the Company conforms to the following five pillars of Governance –

- High accountability to the stakeholders.
- Absolute transparency in its reporting system and adherence to disclosure compliances.
- High ethical standards in the conduct of 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 and promotion of Sustainable Development.

Being a listed Government Company, your Company complies with the norms set by SEBI under the Listing Agreement and those that are prescribed by the DPE under the Guidelines on Corporate Governance for Central Public Sector Enterprises.

I invite your attention to the Corporate Governance Report which is a part of the Directors' Report for the financial year 2012-13 and which benchmarks our Company against the norms of Corporate Governance set out in Clause 49 of the Listing Agreement and the DPE Guidelines for Central Public Sector Enterprises.

Corporate Social Responsibility [CSR]

The Company while delivering value to its various stakeholders also discharges its environmental and social responsibilities concurrently. The Company has framed a defined policy for CSR. The Company has constantly endeavoured to integrate the interest of the business with that of society, which is enshrined in its Vision Statement.

Various CSR projects have been initiated under the two flagship schemes of CSR: Balmer Lawrie Initiative for Self Sustenance [BLISS] and Samaj Mein Balmer Lawrie [SAMBAL]. BLISS is directed at long-term economic upliftment of the under-privileged while SAMBAL works towards improving the living standards of the society in and around the operating centers of the Company.

In keeping with the Department of Public Enterprises [DPE]'s 2012 guidelines, during the year, the Company with the expertise of Ernst & Young formulated a Long Term Perspective CSR Plan as also the HSE[Health, Safety & Environment] and Sustainability Plan covering the period from 2012-17.

You would be glad to learn that in 2012-13, the Company spent an amount of ₹ 303 lakh on various CSR activities against a budget of ₹ 300 lakh, including expenses incurred towards promotion and publicity of the schemes and other

related expenses. In the process the Company exceeded the minimum spending benchmark of 2% of post-tax profit as laid down by the Government. Details of the CSR projects are highlighted in the Management Discussion & Analysis section of the Annual Report.

Acknowledgement

I, on behalf of the Board of Directors, would like to acknowledge the continued support and guidance of our Administrative Ministry, the Ministry of Petroleum & Natural Gas, Government of India and also other Governmental authorities.

As we brace up to meet the challenges confronting the Company, I would also like to convey our sincere gratitude to our valued shareholders for their conviction and continuing support to the Company and its management.

This acknowledgement would, perhaps, not be complete without recognizing the enduring dedication and invaluable contribution of our esteemed employees & colleagues towards taking this organization to new frontiers of success despite the economic pressures and competitive challenges.

I extend my heartfelt appreciation to our holding company, Balmer Lawrie Investments Limited, its valued shareholders, the business associates, bankers, financial institutions, valued clients, vendors of your Company for their support and enthusiasm.

Thank you once again for the trust and confidence reposed on Balmer Lawrie.

Virendra Sinha
Chairman & Managing Director
Kolkata, 12th August, 2013