

MD	/		BKC	/
CS	/		DPY	118
RO	/		DIV	181
TRA	/		AC	/
AGM	/	/	SHI	/
YE	/	/		

**37th
Annual Report
1996-97**

Balmer Lawrie-Van Leer Limited



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BOARD OF DIRECTORS

E.A. ROLDANUS — *Chairman*
 R.L. DHAWAN — *Vice-Chairman & Managing Director*
 R. RITTERSHAUS
 DR. C.V. CHANDRASEKHARAN
 N.P. SINGH
 N.N. KAPADIA
 U.R. KAPADIA
 PRABHAKAR DEV (Alternate to Mr. E.A. ROLDANUS)

MANAGEMENT TEAM

S.K. MENON — Vice-President (Finance)
 M.N. MENON — Vice-President (Closure Division)
 AJIT SHAH — General Manager
 (Operations — Valerex Division)
 ANAND DAYAL — General Manager
 (Marketing — Valerex Division)

SECRETARY

R.U. LAKHWANI

BANKERS

Hong Kong Bank
 Bank of India

AUDITORS

M/s. Price Waterhouse
 Chartered Accountants

LEGAL ADVISORS

M/s. Little & Company

REGISTRARS

IIT Corporate Services Ltd.,
 IIT House, Opp. Vazir Glass,
 Next to Sangam Cinema,
 Near J.B. Nagar, M. Vasanji Road,
 Andheri (East),
 Mumbai - 400 059.
 Tel.: 822 5599 (10 lines)
 Fax: 833 1417

REGISTERED OFFICE

L.U. Gadkari Marg,
 Mahul, Chembur,
 Mumbai - 400 074.
 Tel.: 556 4043-46
 Fax: 556 3984

WORKS

Closure Division:

L.U. Gadkari Marg,
 Mahul, Chembur,
 Mumbai - 400 074.
 Tel.: 556 4043-46
 Fax: 556 3984

Valerex Division:

D-195/9, T.T.C. Indl. Area,
 Turbhe, P.O. Box 43,
 Navi Mumbai - 400 705.
 Tel.: 763 0035-37
 Fax: 763 0038

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Balmer Lawrie-Van Leer Limited

NOTICE

Notice is hereby given that the 37th Annual General Meeting of Balmer Lawrie-Van Leer Limited, will be held at Alexandra Girls English Institution, situated at 31, Hazarimal Somani Marg, Fort, Mumbai-400 001 on Tuesday, the 30th September, 1997, at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date together with Directors' & Auditors' Report thereon.
2. To appoint a Director in place of Mr. N.N. Kapadia, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT M/s. Price Waterhouse, Chartered Accountants, 1102, Raheja Chambers, Nariman Point, Mumbai 400 021, the retiring auditors be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company at such remuneration and reimbursement of out of pocket expenses in such instalments as may be agreed between the Board of Directors and the Auditors."

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT Dr. C.V. Chandrasekharan, be and is hereby appointed a Director of the Company."

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. U.R. Kapadia, be and is hereby appointed a Director of the Company."

6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs. 10,00,00,000 (Rupees Ten Crores) to Rs. 16,00,00,000 (Rupees Sixteen Crores) divided into 1,60,00,000 shares of Rs. 10/- each."

"RESOLVED FURTHER that the Memorandum of

Association of the Company, be altered by deletion of clause V and Substitution of the new clause in place thereof as follows:

Clause V: At the date of adoption of this resolution the Share Capital of the Company is Rs. 16,00,00,000 divided into 1,60,00,000 shares of Rs. 10/- each.

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of Articles of Association of the Company as also the provisions of the Listing Agreement with concerned Stock Exchanges and subject to the approvals, permissions and/or sanctions of the Reserve Bank of India, and such other approvals, permissions and/or sanctions from any other authorities as may be necessary, and subject to such conditions and modifications as may be prescribed by any of them in granting such approvals, permissions and/or sanctions and agreed to by the Board of Directors of the Company (hereinafter referred to as "The Board"), the Board be and is hereby authorised and empowered to create and issue upto 80,00,000 (Eighty Lakhs) new Equity Shares of the face value of Rs. 10 (Rupees ten only) each, by offering for subscription for cash at premium upto a maximum of Rs. 5 (Rupees five only) per share to the existing shareholders, whose names appear on the Register of Members of the Company as on the Record Date to be determined by the Board, on rights basis, in the ratio of one new Equity Share for every one Equity Share held by them."

"FURTHER RESOLVED THAT the unsubscribed portion of Equity Shares, if any, out of the above may be disposed of by the Board in the manner it deem fit, in the best interest of the Company."

"FURTHER RESOLVED THAT the Board be and is hereby authorised to accept such amendments, modifications, variations and alterations as the Securities Exchange Board of India (SEBI) and/or any other concerned authority may stipulate in that behalf and to amend/modify/vary or alter all or any of the terms of the issue."

"FURTHER RESOLVED THAT the Board be and is hereby authorised to decide other terms and conditions of the issue and to add, vary, modify or alter any or all terms and conditions of the issue."

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and to offer and issue the Equity Shares, as it may in its absolute discretion deem fit, in the best interest of the Company and to include in the Letter of Offer for subscription as may be issued by the Company such other terms and conditions of offer as are necessary or expedient in the discretion of the Board and/or as may have to be incorporated on account of any modification or amendment required by any concerned authority."

"FURTHER RESOLVED THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the creation, offer, issue and allotment of the Equity Shares and further to do all such acts, deeds, matters and things and to execute all such deeds and documents as may be necessary, desirable or expedient in connection with the issue of Equity Shares."

"FURTHER RESOLVED THAT the Board be and is hereby authorised to delegate to any of its Directors whom the Board may authorise, all or any of its powers and authorities vested in it in terms of this resolution as may be permitted by law."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Explanatory Statement setting out the material facts concerning the special business mentioned under item Nos. 4 to 7 of the Notice as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Transfer Books of the Company will be closed from 15th September, 1997 to 24th September, 1997, both days inclusive.
4. Members are requested to notify immediately any change in their address to the Registrars."

By order of the Board of Directors
For Balmer Lawrie-Van Leer Limited

R.U. Lakhwani
Secretary

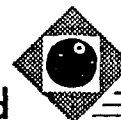
Mumbai,

Dated: 2nd September, 1997.

Registered Office:

L.U. Gadkari Marg,
Mahul, Chembur,
Mumbai-400 074.

Report Junction.com



Balmer Lawrie-Van Leer Limited

EXPLANATORY STATEMENT

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

Item No. 3:

In terms of Section 224A of the Companies Act, 1956, if not less than 25% of the subscribed capital is held either singly or jointly or in combination by public financial institutions, government companies, etc., then the appointment or re-appointment of the auditors of that Company has to be made by a special resolution.

In the case of the Company, the combined holding of the aforesaid categories of shareholders exceeds 25% of the subscribed capital. Hence, it is necessary to pass a special resolution to re-appoint Messrs Price Waterhouse, as the Auditors of the Company.

The Shareholders' approval is also being sought to authorise the Board of Directors to determine the remuneration payable to the Auditors in consultation with them.

As required under Section 224 of the Act, certificates have been received from the Auditors to the effect that their re-appointment, if made, will be in accordance with limits specified in Section 224 of the Act.

None of the Directors are interested in the Resolution. The Directors recommend their re-appointment.

Item No. 4:

Dr. C.V. Chandrasekharan was appointed as a Director on 28th May, 1997, to fill in casual vacancy of a Director, who was liable to retire by rotation. As such, pursuant to Section 262(2), of the Companies Act, 1956, Dr. C.V. Chandrasekharan holds office of Director upto the date of this meeting. It is proposed to appoint Dr. Chandrasekharan as a Director liable to retire by rotation. A Notice in writing, pursuant to Section 257 of the Companies Act, 1956, has been received from a member intending to propose Dr. Chandrasekharan as a candidate for the office of Director, at this Annual General Meeting, along with a deposit of Rs. 500, as required under that Section.

Dr. Chandrasekharan is the Managing Director of Balmer Lawrie & Co. Ltd. and has vast experience in industry of over 30 years. It would be in the interest of the Company to appoint him as a Director retiring by rotation. The Directors, therefore, recommend his appointment at the Meeting.

Dr. Chandrasekharan may be considered to be interested in the Resolution for his appointment. No other Directors are interested in the Resolution.

Item 5:

Mr. U.R. Kapadia was appointed as a Director on 2nd September, 1997, to fill in casual vacancy of a Director, who was liable to retire by rotation. As such, pursuant to Section 262(2), of the Companies Act, 1956, Mr. U.R. Kapadia holds office of Director upto the date of this meeting. It is proposed to appoint Mr. Kapadia as a Director liable to retire by rotation. A Notice in writing,

pursuant to Section 257 of the Companies Act, 1956, has been received from a member intending to propose Mr. Kapadia as a candidate for the office of Director, at this Annual General Meeting, along with a deposit of Rs. 500, as required under that Section.

Mr. U.R. Kapadia is a B.Tech. from IIT Mumbai and has completed his M.Sc. from the University of Aston U.K. Mr. Kapadia has vast experience in industry of over 15 years. It would be in the Interest of the Company to appoint him as a Director retiring by rotation. The Directors, therefore, recommend his appointment at the meeting.

Mr. U.R. Kapadia & Mr. N.N. Kapadia may be considered to be interested in the Resolution for his appointment. No other Directors are interested in the Resolution.

Item 6 and 7:

At present the authorised capital of the Company is Rs. 10 Crores as set out in Clause V of the Memorandum of Association of the Company. In order to meet the increasing requirement of funds for Company's business and in view of the proposed rights issue, it is proposed to increase the authorised capital of the Company to Rs. 16 Crores (Rupees Sixteen Crores) divided into 1,60,00,000 shares of Rs. 10/- each.

Your approval is, therefore, sought to the amendment of the said Clause V of the Memorandum of Association of the Company vide Resolution at item 6 of the Notice.

The Board recommends adoption of the Resolution. No Director is in any way concerned or interested in the Resolution.

Further your approval is sought vide item no. 7 of the Notice under Section 81 of the Companies Act, 1956 for the issue of equity shares. The resolution at item no. 7 will enable the Board of Directors to issue equity shares on such terms as it may deem fit in the best interest of the Company.

The Board recommends adoption of this Resolution.

No Director of the Company is in any way concerned or interested in the Resolution at item no. 7 except to the extent of his holding equity shares and to the extent of his subscribing to the further issue of shares as and when issued as also to the extent of subscription by a Financial institution/Company/Body Corporate/Firm/bank in which the Director or his/her relative may be directly or indirectly interested.

By order of the Board of Directors
For Balmer Lawrie-Van Leer Limited

R.U. Lakhwani
Secretary

Mumbai,

Dated: 2nd September, 1997.

Registered Office:
L.U. Gadkari Marg,
Mahul, Chembur,
Mumbai-400 074.

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DIRECTORS' REPORT

The Directors present the Thirty Seventh Annual Report and Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	1996-97 Rs. Lacs	1995-96 Rs. Lacs
Profit before other Income, Interest, Depreciation and Tax	504.36	364.07
Profit before Depreciation and Tax	1.27	183.24
Less: Depreciation on Fixed Assets	309.49	162.67
Profit/(Loss) before Tax	(308.22)	20.57
Add: Profit from earlier year	163.25	163.25
Profit/(Loss) available for appropriation	(145.51)	183.47
Appropriated as follows:		
Transfer to General Reserve	—	—
Transfer to DRR	—	20.22
Proposed Dividend	—	—
Balance of Profit/(Loss) carried forward	(145.51)	163.25

DIVIDEND

In view of the Loss, your Directors regret their inability to recommend any dividend for the year.

OPERATIONS

Closure Division:

Final Phase of Project on Expansion and Modernization of Closure Division was completed by October/November '96. This has resulted in availability of increased capacity for future years. Additionally all imported equipment and new indigenous equipment was commercialized with the assistance of Technical Personnel from the Collaborators. The Division achieved excellent quality products which were fully accepted in the markets of South East Asia, Far East and Middle East.

Valerex Divisions:

V-20

Sales continued to progress satisfactorily and showed an increase of around 200,000 numbers over previous year. Number of multinational Companies who have entered the country in Lube Oil Business bought 100% of their 20 L containers from the Company. Sales growth in Agro Chemical and Food concentrate sectors was also very satisfactory. Capacity of the plant by adding additional Injection Moulders and Welders was increased by October, 1996 and this would help in dealing with increased demand in future years. Raw material costs increased due to firming up of International prices and due to competitive conditions, it was not possible to pass this increase to the customers.

V-200

V-200 production which commenced in January '96 had a full year operation and Company achieved more than 50% capacity utilization in the very first year of operation. Response from customers on quality of drums was excellent and by end of financial year a strong

customer base in Chemical Industry and Lube Oil Companies has been established. The Value Addition in this product continuous to be extremely low and raw material costs could not be passed on, due to imbalance in supply vis-a-vis demand, which position is expected to improve with a 8 to 10% growth in demand.

CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

A.C. drives were installed for adjustment of speed of blowers used in Ventilation system provided in the plants. These Drives help to reduce power consumption of these machines by 50 percent.

(b) Additional Investment and proposals, being Implemented for reduction of consumption of energy.

It is proposed to install 2 more similar A.C. Drives on the 650 Injection Moulders of the V200 Plant to further reduce energy consumption.

(c) The measures taken in (a) above have resulted in an approximate saving of Rs. 4.50 lacs. Estimated saving from activities mentioned in (b) above is about Rs. 2.25 Lacs.

TECHNOLOGY ABSORPTION

Closure Division:

Efforts in brief, made towards technology absorption, adaption and innovation:

Technology absorption on new flange line, AI machines, plug line and plating plant was absorbed with the assistance of technical personnel of Collaborators and Suppliers.

Valerex Division:

Technology on the 'State of Art' Valerex 200 which was commissioned in January 1996 was fully absorbed and products were of very high quality.

SAFETY AND ENVIRONMENT PROTECTION

Closure Division continued to use an integrated effluent treatment and reverse osmosis plant for generating demineralized water. Scrap generated in the Valerex Division was recycled.

PERSONNEL

Employee relations during the year continued to be cordial. The management expresses its sincere gratitude to all employees of the Company for their outstanding contribution to the growth of the Company.

DIRECTORS

During the year Mr. B.R. Sule nominee of Royal Packaging Industries Van Leer B.V., The Netherlands resigned from the Board effective 11th August, 1997. The Directors place on record their appreciation for the long services rendered by Mr. B.R. Sule to the Company.

Mr. M.K. Raychaudhuri, nominee of Balmer Lawrie & Company Ltd., resigned from the Board effective 28th of May, 1997. The Directors place on record their



Balmer Lawrie-Van Leer Limited

appreciation for the services rendered by Mr. M.K. Raychaudhuri to the Company.

Dr. C.V. Chandrasekharan was nominated in his place effective 28th May, 1997.

Dr. C.V. Chandrasekharan holds office upto the date of the Forthcoming Annual General Meeting of the Company. A Notice has been received from one of the members of the Company proposing the candidature of Dr. Chandrasekharan as a Director of the Company.

Mr. H.N. Kapadia nominee of Harshadray Private Limited, resigned from the Board effective 8th of August, 1997. The Directors place on record their appreciation for the services rendered by Mr. H.N. Kapadia to the Company.

Mr. U.R. Kapadia was nominated in his place and appointed effective 2nd September 1997.

Mr. U.R. Kapadia holds office upto the forthcoming Annual General Meeting of the Company. A Notice has been received from one of the members of the Company proposing the candidature of Mr. U.R. Kapadia as a Director of the Company.

Mr. Prabhakar Dev was appointed as an alternate to Mr. E.A. Roldanus effective 2nd September, 1997.

AUDITORS

Price Waterhouse hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

PERFORMANCE VERSUS PROJECTIONS

The Comparison between the Projections made in the Prospectus vis-a-vis Actual Performance of 1996-97 is given below:

	Rs. Lacs	
	Projection	Actuals
Net Sales/Income	4844	3424
Net Profit / (Loss)	693	(309)
Fund Utilisation (upto 96-97)	5076	5480

1. There has been major shortfall in Sales Turnover Profit due to the following reasons:

- Delayed commissioning of Second Phase of Closure expansion Project which has since been completed in October/November 1996.
- The Valerex 200 project has yet to achieve commercially viable Production/Sales.
- Despite achieving growth in market share Value Addition on all products particularly Valerex 200 were under tremendous pressure as increase in Raw Material costs could not be recovered in Selling Price due to imbalance in demand vis-a-vis Capacity.
- Substantial increase in depreciation and finance cost due to full year operation of Valerex 200 as compared with 3 months in the previous year.

2. Funds utilisation has increased due to additional Capital Expenditure required on Closure Division expansion Project.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company Exported goods worth Rs. 6.67 Crores during the financial year. Foreign Exchange outgo for the same period was Rs. 9.73 Crores.

PARTICULARS OF EMPLOYEES

A statement incorporating the particulars of employees as required under sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of this Report is annexed hereto.

For and on behalf of the Board

R.L. Dhawan — Vice Chairman & Managing Director

R.U. Lakhwani

Company Secretary

N.P. Singh — Director

Mumbai, 2nd September, 1997

Annexure to the Directors' Report

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1997.

Sr. No.	Name & Age	Qualifications	Designation & Nature of Duties	Date of commencement of employment	Experience in years	Remuneration Rs.	Last Employment held
1.	Dhawan R.L. (57)	M.Sc. (Chem.) Dip. in Business Mgmt. (Geneva)	Vice-Chairman & Managing Director	05.08.1994	33	6,29,416	Balmer Lawrie & Co. Ltd.
2.	Menon S.K. (45)	B.Com. (Hons.) ACA	Vice-President (Finance)	26.04.1994	19	3,84,439	Balmer Lawrie & Co. Ltd.
3.	Shah A. (47)	B.Tech. (Mech.)	General Manager (Operations) Valerex Division	26.04.1994	26	3,47,819	Balmer Lawrie & Co. Ltd.
4.	Dayal A. (42)	B.A. (Econ.) Dip. in Mktg. Mgmt.	General Manager (Marketing) Valerex Division	26.04.1994	21	3,54,572	Balmer Lawrie & Co. Ltd.

Notes: 1. Nature of employment—Contractual in all cases.

2. Remuneration includes salary, allowances, leave encashment, Company's contribution to Provident Fund, Superannuation Fund, reimbursement of medical expenses, leave travel assistance, rent paid less recoveries in providing accommodation and where it is not possible to ascertain the actual expenditure incurred by the Company in providing a perquisite, the monetary value of such perquisites has been calculated in accordance with the Income Tax Act 1961 and Rules made thereunder.

3. None of the employees is a relative of any Director of the Company.

4. No employee of the Company is covered by the provision of Section 217(2A)(a)(iii).

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AUDITORS' REPORT

TO THE MEMBERS OF BALMER LAWRIE-VAN LEER LIMITED

1. We have audited the Balance Sheet of Balmer Lawrie-Van Leer Limited as at 31st March, 1997 and the relative Profit and Loss Account for the year ended on that date, both of which we have signed under reference to this report.

2. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account together with the notes thereon and attached thereto, give in the prescribed manner, the information required by the Companies Act, 1956, and also give respectively, a true and fair view of the state of the Company's affairs as at 31st March, 1997 and its loss for the year ended on that date.

3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books and the above mentioned accounts are in agreement therewith.

4. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 dated 7th September, 1988 and issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of its fixed assets.

(b) The fixed assets of the Company have not been physically verified during the year, by the management.

(ii) The fixed assets of the Company have not been revalued during the year.

(iii) The stocks of finished goods, stores, spare parts and raw materials of the Company at all the locations have been physically verified by the management during the year, except, for certain stocks lying with the third parties, in respect of which confirmations have been obtained.

(iv) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

(v) The discrepancies between the physical

stocks and the book stocks, which have been properly dealt with, were not material.

(vi) In our opinion, the valuation of stocks of finished goods, stores, spare parts and raw materials has been fair and proper in accordance with the normally accepted accounting principles, and, is on the same basis as in the earlier years, except as indicated in Note 6 of Schedule 'N' regarding valuation of stocks.

(vii) In our opinion, the rate of interest and the terms and conditions of loans and deposits taken by the Company during the year from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, and/or companies under the same Management as defined under Sub Section (1B) of Section 370 of the Companies Act, 1956, are not prejudicial to the interest of the Company.

(viii) The Company has not given any loans, secured or unsecured to Companies, firms or other parties listed in the register maintained under Section 301 and/or to the companies under the same Management as this Company, as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.

(ix) The employees to whom loans or advances in the nature of loans have been given by the Company, are repaying the principal amounts as stipulated, and are also regular in the payment of interest, where applicable.

(x) In our opinion, there are adequate internal control procedures commensurate with the size of the Company, and the nature of its business, for purchase of stores, raw materials including components, plant and machinery, equipment and other similar assets and for the sale of goods.

(xi) The Company has not purchased goods and materials aggregating Rs. 50,000 or more in value, from any of the parties listed in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, sale of goods, materials and services, made in pursuance of contracts or arrangements, entered in the register maintained u/s. 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in value, have been made at prices which are reasonable having regard to the prevailing