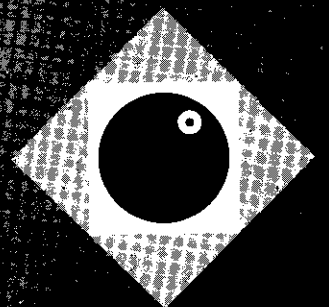


39th Annual Report 1998 - 99

Report



Lawrie-Van Leer Limited

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REGISTRARS

IIT Corporate Services Ltd.,
IIT House, Off. M. Vasanji Road,
Opp. Vazir Glass Works,
Near J.B. Nagar, Andheri (East),
Mumbai - 400 059.
Tel.: 822 5599 (10 Lines)
Fax : 821 5352, 838 1417

REGISTERED OFFICE

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

WORKS

Tri-Sure 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 42
Navi Mumbai - 400 701
Tel.: 763 0035-37
Fax: 763 0038

BOARD OF DIRECTORS

E.A. ROLDANUS

Chairman upto 31.03.1999

J.H.C. KOEK

Chairman w.e.f. 01.04.1999

R.L. DHAWAN

Vice-Chairman & Managing Director

DR. C.V. CHANDRASEKHARAN**J. M. DIDIER****N.P. SINGH****PRABHAKAR DEV****N.N. KAPADIA****U.R. KAPADIA**

MANAGEMENT TEAM

M.N. MENON

Vice-President (Tri-Sure Division)

AJIT SHAH

General Manager (Operations — Valerex Division)

S. RAMGOPAL

General Manager (Marketing — Valerex Division)

S.K. JATANIA

General Manager (Finance)

COMPANY SECRETARY

R.U. LAHVANI

AUDITORS

M/s. Price Waterhouse

Chartered Accountants

LEGAL ADVISORS

M/s. Little & Company

BANKERS

Hongkong Bank

Bank of India



NOTICE

Notice is hereby given that the 39th Annual General Meeting of the Members of Balmer Lawrie - Van Leer Limited, will be held at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Oricon House, 6th Floor, 12, K. Dubash Marg, (Rampart Row), Fort, Mumbai - 400 023, on Friday the 30th July, 1999, at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999, the Profit and Loss Account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. C. V. Chandrasekharan, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. U. R. Kapadia, who retires by rotation and, being eligible, offers himself for re-appointment.
4. 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 for the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be determined by the Board in consultation with them, plus reimbursement of out of pocket expenses incurred by them for the purpose of audit of the Company."

SPECIAL BUSINESS

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 310, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Mr. R. L. Dhawan as the Managing Director of the Company for a period effective from 5th August, 1999 to 31st March, 2000 on the terms and conditions set out in the draft agreement submitted to this meeting and for identification initialled by the Chairman thereof, which agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, as may be agreed between the Directors and Mr. R. L. Dhawan."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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 business mentioned under item No. 4 & 5 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 Wednesday, 21st July, 1999 to Friday, 30th July 1999, (both days inclusive).
4. Members are requested to notify immediately any change in the address to the Registrars.
5. Please bring your copy of the Annual Report to the Meeting.
6. Members/Proxies are requested to deposit the enclosed attendance slip duly filled-in and signed, at the entrance of the meeting venue.
7. Those Members who have so far not encashed their dividend warrant for the below mentioned financial years may claim or approach the Company for the payment as the same will be transferred to the Investor Education & Protection Fund of the Central Government, pursuant to the introduction of Section 205C by the Companies (Amendment) Act 1999 on the date mentioned hereunder:

For Financial Year	Due Date of Transfer
1994-95	07/11/2002

8. Introduction of Section 109A of the Companies (Amendment) Act, 1999 provides for nomination by the share holders/debenture holders of the Company in the prescribed Form No.: 2B. A copy of the said Form No.: 2B is enclosed. The share holders/debenture holders are requested to avail of the facility. The duly filled in and signed Form No.: 2B should be sent to the Registrar & Transfer Agent of the Company at:
IITC Services Limited, (Unit : BL-VL)
IIT House, Near Vazir Glass Works, Off. M. V. Road,
J. B. Nagar, Andheri (East), Mumbai - 400 059.
9. Members intending to require information about Accounts to be explained at the meeting are requested to write to the Company at least ten days in advance of the AGM.
10. Members holding shares/debentures in the same name(s) under different folios are requested to apply for consolidation of such folios and send relevant share/debenture certificates.

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

R.U. Lakhwani
Company Secretary

Mumbai,
Dated : June 21, 1999
Registered Office:
L.U. Gadkari Marg, Mahul,
Chembur, MUMBAI 400 074

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

Item No. 4 : In terms of Section 224 A 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-appointments, 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. 5: Mr. R. L. Dhawan was appointed Managing Director of the Company for a period of 5 years with effect from 5th August, 1994 upon the terms and conditions and remuneration approved by the shareholders at the Annual General Meeting of the Company held on 14th September, 1994. The Board of Directors of the Company at its meeting held on 23rd February, 1999 has re-appointed Mr. R. L. Dhawan as the Managing Director from 5th August, 1999 to 31st March, 2000 on the terms and conditions finalised in the Meeting held on 28th May, 1999. The main terms and conditions as set out below: (The same may be treated as an abstract under Section 302 of the Companies Act, 1956)

- | | |
|--|--|
| (1) Tenure | Upto 31st March, 2000. |
| (2) Salary | Rs. 43,650/- per month |
| (3) Commission | 0.5% of the net profits of the Company as determined under the Companies Act, 1956. |
| (4) Perquisites | |
| (a) Housing | (i) Unfurnished Company accommodation.
(ii) Gas/electricity expenses will be borne by the Company. |
| (b) Conveyance | Air conditioned chauffeur driven car with total expenses of running and maintenance met by the Company. A monthly recovery of Rs. 450/- shall be made towards personal use of the car. |
| (c) Medical Expenses | Reimbursement of medical expenses for self, spouse and dependent children at actuals as per rules of the Company and within the overall limit under the Act. |
| (d) Leave & Leave Travel Assistance | Leave and leave encashment subject to the rules of the Company and one month's salary as Leave Travel Assistance per annum. |
| (e) Club Fees | Corporate membership of two clubs and entrance fee/subscription to be met by the Company. |
| (f) Accident Insurance | Subject to a premium limit of Rs. 6000/- p.a. |
| (g) Separation Benefits | (i) Contribution @ 12% of Salary towards Provident Fund with matching contribution by the Company.
(ii) Eligibility to superannuation benefits and contribution @ 15% of Salary to be made by the Company on this account.
(iii) Gratuity @ 4.8% of Salary for every completed year of service.
(iv) Entitlement to encash privilege and sick leave lying to his credit at end of his tenure as per rules of the Company. |
| (h) Other Post Retirement Benefits | (v) Post Retirement Benefits such as resettlement allowance, housing accommodation for specific period and other facilities as approved by the Board of Directors. |
| (i) Miscellaneous | Eligibility of various allowances/benefits and perquisites that may be applicable to him as per rules of the Company from time to time. |
| (j) Overall ceiling of Salary, Commission and Perquisites will be subject to provisions of Sections 198, 309 and Schedule XIII of the Act. | |

(Copy of draft agreement with Mr. R. L. Dhawan is available for inspection by any member at the Registered Office of the Company between 10.00 a.m. and 12 noon on any working day and will also be available for inspection at the Meeting.)

The Directors recommended the above resolution at Item No. 5 for your approval. Apart from Mr. R. L. Dhawan no other director is interested or concerned with this resolution.

Mumbai,
Dated: June 21, 1999
Registered Office:
L.U. Gadkari Marg, Mahul,
Chembur, MUMBAI 400 074

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

R.U. Lakhwani
Company Secretary



DIRECTORS' REPORT

The Directors have pleasure in presenting the Thirty Ninth Annual Report and Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	Rs./Lakhs	
	1998-99	1997-98
Profit Before other Income, Interest, Depreciation, Tax and Loss on Exchange	775.60	686.21
Gain/(Loss) on Exchange	(75.51)	(70.29)
Profit before Depreciation & Tax	172.87	0.14
Less : Depreciation on Fixed Assets	381.13	375.74
Profit/(Loss) before Tax	(208.26)	(375.60)
Add : Profit /(Loss) from earlier years	(521.57)	(145.51)
Balance of Profit/(Loss) carried forward	(730.27)	(521.57)

The Financial Results show that Company reduced its loss compared with previous year and made a cash profit of Rs. 172.87 lacs.

OPERATIONS

TRI - SURE DIVISION

Closure Division gained in market share in Indian and Middle East market but overall export performance suffered on account of substantial decline in exports to South East Asia/Far East in view of the economic meltdown prevailing in those countries. This trend has started reversing from the last quarter of 1998/99.

VALEREX DIVISIONS

V-20

Sales Volume of V-20 showed good growth and profitability improved substantially compared with previous year despite highly competitive conditions from alternate packages.

Break-through was made in export of Valerex 20 containers to Gulf and Middle East countries towards end of 1998/99 and this should reflect increased export volumes next year.

V-200

Sales of Valerex 200 showed substantial improvement compared with previous year despite extremely competitive conditions. Lower raw material prices also helped in higher value addition and considerably lower loss on this product. The strategy continues to be to grow in volume and reduce losses.

Good progress was also made in export of Valerex 200 containers to Singapore and Australia.

Open Head V-200 container manufacturing equipment was commissioned towards the end of the financial year and this should add additional volumes in future.

CONSERVATION OF ENERGY

1. Energy Conservation Measures Taken :

Fluctuation in energy supplied by authorities was minimised by installing latest design Drop-out Fuses in High Tension line thereby improving production/productivity.

AC Drives were also installed on different equipment for reducing consumption of energy.

2. Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy :

It is proposed to continue with various measures e.g. streamlining and balancing of production lines, installation of AC Drives.

TECHNOLOGY ABSORPTION

The equipment including Mould for Open Head Drum was indigenously developed based on drawings/data received from the collaborators.

Technical personnel of collaborators visited our plants to assist in further improvements in process control and quality assurance including manufacture of Open Head Drums on the new equipment developed.

SAFETY AND ENVIRONMENT PROTECTION

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

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation to the employees for their sincere efforts and dedication towards growth and progress of the Company. Relationship with the Unions have been cordial.

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DIRECTORS

After announcement of Mr. E.A. Roldanus retirement from Van Leer Group he resigned from the Board of BL-VL w.e.f. 1.4.1999. Mr. Hans Koek took over from Mr. E.A. Roldanus as worldwide Head of Van Leer Strategic Business Unit for Trisure Closures and was appointed as Director and Chairman of the Company w.e.f. 1.4.1999.

The Directors wish to place on record their sense of appreciation for the long and valuable services rendered by Mr. E.A. Roldanus to the Company.

Mr. U.R. Kapadia and Dr. C.V. Chandrasekharan retire as Directors by rotation and being eligible offer themselves for re-appointment.

The Board of Directors have approved the re-appointment of Mr. R.L. Dhawan as Managing Director and Vice Chairman upto 31.3.2000 subject to approval of the shareholders. His re-appointment is recommended to members for their approval.

Mr. Narendra N. Kapadia expired on 14th June 1999. He was a Director of the Company from 1st September, 1976. The Board of Directors wish to place on record their sense of appreciation for the long and valuable service rendered by him to the Company.

AUDITORS

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

Y2K COMPLIANCE

The Company has initiated action to address and minimise impact of Year 2000 related issues. The Company expects to be Year 2000 compliant by July 31, 1999. Contingency measures are being put in place by the Company to ensure continuity of operations.

For and on behalf of the Board

R. L. Dhawan — Vice Chairman & Managing Director

N. P. Singh — Director

Mumbai,
Dated : June 21, 1999

Annexure to the Report of the Directors

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employee) Rules, 1975 and forming part of the Director's Report for the year ended 31st March, 1999.

Sr. #	Name & Age	Qualifications	Designation & Nature of Duties	Date of Commencement of employment	Experience in years	Remuneration Rs.	Last Employment held
1.	Dhawan R.L. (59)	M.Sc. (Chem) Dip. in Business Mgmt. (Geneva)	Vice Chairman & Managing Director	05.08.1994	35	784,887	Balmer Lawrie & Co. Ltd.

Notes : 1. Nature of employment - Contractual.

2. Remuneration includes salary, allowances, leave encashment, Company's contribution to Provident Fund, Superannuation Fund, Reimbursement of medical expenses, leave travel assistance 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 is covered by the provision of Section 217(2A)(a)(iii).

For and on behalf of the Board

R. L. Dhawan — Vice Chairman & Managing Director

N. P. Singh — Director

Mumbai,
Dated : June 21, 1999



AUDITORS' REPORT

TO THE MEMBERS OF BALMER LAWRIE-VAN LEER LIMITED

1. We report that we have audited the Balance Sheet of Balmer Lawrie-Van Leer Limited as at March 31, 1999 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 Profit and Loss Account, together with the notes thereon and attached thereto, comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, 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 March 31, 1999 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. We draw attention to Note 11 - Schedule N to the accounts. It may be noted in this connection that our audit is not intended, designed or performed to provide and accordingly, does not provide any assurance that the Company's internal systems or those of its external dependencies are/or will be Year 2000 compliant and we are, therefore, unable to comment on the Company's opinion in this regard.
5. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, dated September 7, 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 to show full particulars including quantitative details and situation of its fixed assets.
 - (b) From the Current year onwards, the fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which we consider reasonable. Pursuant to the programme, a physical verification was carried out during the year and this revealed no material discrepancies.
 - (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 and packing materials of the Company at all the locations have been physically verified by the Management during the year.
 - (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 in the books of account, were not material.
 - (vi) In our opinion, the valuation of stocks of finished goods, stores, spare parts and raw and packing 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. (Refer Note 7- Schedule N)
 - (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 Section (1B) of Section 370 of the Companies Act, 1956, as applicable, are not prima facie prejudicial to the interest of the Company.
 - (viii) The Company has not granted any loans, secured and unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and or/to companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956 as applicable.
 - (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.