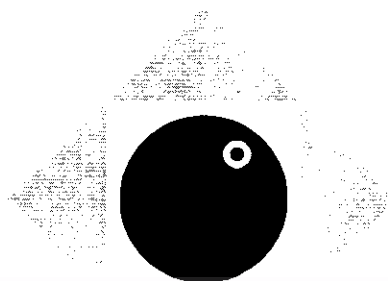


Balmer Lawrie-Van Leer Limited



40th Annual Report 1999 - 2000

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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.: 554 3043, 554 4044-47
Fax: 554 3984

WORKS**Tri-Sure Division:**

L.U. Gadkari Marg,
Mahul, Chembur,
Mumbai - 400 074.
Tel.: 554 3043, 554 4044-47
Fax: 554 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

BOARD OF DIRECTORS

J. H. C. KOEK
Chairman

R. L. DHAWAN
Vice-Chairman & Managing Director

DR. C. V. CHANDRASEKHARAN

T. J. ARMSTRONG

N. P. SINGH

PRABHAKAR DEV

U. R. KAPADIA

MANAGEMENT TEAM

M. N. MENON
Sr. Vice-President (Closure Division)

AJIT SHAH
General Manager (Operations — Valerex Division)

S. RAMGOPAL
General Manager (Marketing — Valerex Division)

S. K. JATANIA
General Manager (Finance)

SHARATH KUMAR N.
General Manager (Operations - Closure Division)

COMPANY SECRETARY

R. U. LAKHWANI

AUDITORS

M/s. Price Waterhouse
Chartered Accountants

BANKERS

Hongkong Bank
Bank of India



Balmer Lawrie-Van Leer Limited

NOTICE

Notice is hereby given that the 40th Annual General Meeting of the Members of Balmer Lawrie - Van Leer Limited, will be held at Alexandra Girls English Institution, 31, Hazarimal Somani Marg, Fort, Mumbai - 400 001, on Friday the 29th September, 2000 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, 2000, 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 Mr. N. P. Singh, 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 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 :

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

"RESOLVED THAT Mr. T. J. Armstrong, 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 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 Vice Chairman and Managing Director of the Company for a period effective from 1st April, 2000 to 31st March, 2001 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 Director 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 special 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, 20th September, 2000 to Friday, 29th September, 2000 (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. It may be noted that all dividends unclaimed for a period of seven years are to be transferred by the Company to the Investor Education & Protection Fund (the Fund) to be established by the Central Government, as provided for under Section 205C of the Companies Act, 1956. Accordingly all unclaimed dividends from and including the financial year ended 31st March, 1995, will be transferred by the Company to the Fund in the manner prescribed in the said Section 205C of the Act.
8. 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.
9. 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 : 31st July, 2000
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. 3 : 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. 4 : Mr. T. J. Armstrong was appointed as an Additional Director on 9th February, 2000. As such, pursuant to Section 260 of the Companies Act, 1956, Mr. T. J. Armstrong holds office of a Director upto the date of this meeting. It is proposed to appoint Mr. T. J. Armstrong 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. T. J. Armstrong 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. Requisite consent has been filed by Mr. T. J. Armstrong pursuant to the provisions of Section 264(1) of the Companies Act 1956, to act as such Director, if appointed.

Mr. T. J. Armstrong is Vice-President Asia of Huhtamaki Van Leer's Group covering amongst others the Indian subcontinent. 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. T. J. Armstrong may be considered to be interested in the Resolution for his appointment. No other Directors are interested in the Resolution.

Item No. 5 : Mr. R. L. Dhawan was appointed Vice Chairman & 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 had re-appointed Mr. R. L. Dhawan as Vice Chairman & 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 said re-appointment was approved by the shareholders at the Annual General Meeting held on 30th July, 1999. The Board of Directors of the Company have at its meeting held on 9th February, 2000 re-appointed Mr. R. L. Dhawan as the Managing Director from 1st April, 2000 to 31st March, 2001 on the terms and conditions finalised in the Meetings held on 9th February, 2000, and 30th May, 2000. 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, 2001. |
| (2) Salary | : | Rs. 55,000/- 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 | : | 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 recommend the above resolution for your approval. Apart from Mr. R. L. Dhawan no other director is interested or concerned with this resolution.

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

R.U. Lakhwani
Company Secretary

Mumbai,
Dated: 31st July, 2000
Registered Office:
L.U. Gadkari Marg, Mahul,
Chembur, MUMBAI 400 074



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fortieth Annual Report, together with Audited Accounts of the Company, for the year ended 31st March, 2000.

FINANCIAL RESULTS

| | Rs/Lakhs | |
|---|-----------|----------|
| | 1999-2000 | 1998-99 |
| Profit before other Income, Interest, Depreciation, Tax | 979.06 | 700.09 |
| Profit before Depreciation & Tax | 508.89 | 172.87 |
| Less : Depreciation | 397.25 | 381.13 |
| Profit/(Loss) before Tax | 111.64 | (208.26) |
| Provision for Taxation | 13.55 | 0.43 |
| Profit/(Loss) after Tax | 98.09 | (208.69) |
| Appropriations : Transfer to Debenture Redemption Reserve | 98.09 | — |
| Add : Profit /(Loss) from earlier years | (730.27) | (521.58) |
| Balance of Profit/(Loss) carried forward | (730.27) | (730.27) |

The above Financial Results show that the Company has turned around and recorded a profit before tax of Rs. 111.64 lacs compared to loss of Rs. 208.26 lacs in the previous year. This has been due to better all round performance including good increase in exports of Company products.

OPERATIONS

CLOSURE DIVISION

Closure Division recorded its highest ever sales turnover during the year. This was made possible by substantial increase in exports to South East Asia and Far East markets.

VALEREX DIVISIONS

V-20

Sales volume of Valerex-20 containers was lower than the previous year. This was the first year of negative growth for this product which was on account of high demand for Bucket packaging from Lube Oil Cos. Special thrust has been given on sales to Non-lube segment to counter loss of sales in Lube Oil segment.

V-200

Valerex-200 drums recorded a reasonable increase in sales over the previous year. The Division also exported much larger quantity of drums to Singapore and Australian markets.

NEW PROJECTS

BLOW MOULDED

Manufacturing of Blow Moulded 200 Liners commenced towards the end of the financial year. Production of Intermediate size containers is likely to commence shortly.

CONSERVATION OF ENERGY

1. Energy Conservation Measures Taken :

Number of measures viz., Capacitors, Timers, Heaters, were added for conservation 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

Modifications were undertaken in Top Chimb height and base design of V-200 drum with a view to make it more customer friendly in Indian conditions of handling.

The Company has also been successful in using indigenously produced HMHDPE through improvements in process control.

Technical Personnel of Collaborators regularly visited our Plants for audit of Process and Quality.

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.

HUMAN RESOURCES

The Board of Directors hereby place on record their appreciation for support and contribution of all employees of the Company. Industrial relations remained cordial and harmonious during the year.

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DIRECTORS

Mr. J. M. Didier, nominee Director of Van Leer Services, B. V., Netherlands, resigned from the Board effective 29th October, 1999.

The Directors wish to place on record their sense of appreciation for the valuable services rendered by Mr. J. M. Didier to the Company.

Mr. T. J. Armstrong was appointed as additional Director effective 9th February, 2000 and he holds office up to the forthcoming Annual General Meeting of the Company. Notice has been received from one of the members of the Company proposing the candidature of Mr. T. J. Armstrong as Director of the Company.

Mr. N. P. Singh retires by rotation and being eligible offers himself for re-appointment.

The Board of Directors have approved the re-appointment of Mr. R.L. Dhawan as Managing Director and Vice Chairman upto 31st March, 2001 subject to approval of the shareholders. His re-appointment is recommended to members for their approval.

AUDITORS

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

FOREIGN EXCHANGE & OUTGO

The Company exported goods worth Rs. 15.07 crores during the financial year 1999-2000 and Outgo was Rs. 15.66 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 in annexed hereto.

STATUS OF Y2K COMPLIANCE

The Y2K transmission was smooth without any disruption to the operations of any of the divisions of your Company.

For and on behalf of the Board

R. L. Dhawan — *Vice Chairman & Managing Director*

N. P. Singh — *Director*

Mumbai,
Dated : July 31, 2000

Annexure to the Report of the Directors

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 Director's Report for the year ended 31st March, 2000.

| 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. (60 years) | M.Sc. (Chem) Dip. in Business Mgmt. (Geneva) | Vice Chairman & Managing Director | 05.08.1994 | 36 | 971,916 | 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, 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 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 : July 31, 2000



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, 2000 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 and the above mentioned accounts are in agreement with the books of account.
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/attached thereto, give in the prescribed manner, the information required by the Companies Act, 1956, of India (the Act) and also give respectively, a true and fair view of the state of the Company's affairs as at March 31, 2000 and its profit 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.
4. In our opinion, these accounts have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act.
5. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, dated September 7, 1988 and issued by the Central Government of India 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) 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. Pursuant to the programme, a physical verification of furniture and fittings 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 in India and is on the same basis as in the preceding year.
 - (vii) The Company has not taken any loans, secured and unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Act.
 - (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 Act.
 - (ix) The parties (including 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 is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchase of stores, raw materials, components, plant and machinery, equipment and other similar assets and for the sale of goods.
 - (xi) In our opinion, purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs. 50,000 or more in value in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which the transactions for similar goods or services have been made with other parties.