

# Balmer Lawrie-Van Leer Limited

46<sup>th</sup>  
Annual Report  
2005-2006

## 46th Annual Report 2005 - 2006

### CONTENTS

	Page No.
Notice .....	1
Directors' Report .....	3
Report on Corporate Governance .....	5
Management Discussion & Analysis .....	9
Auditor's Report .....	11
Balance Sheet .....	14
Profit and Loss Account .....	15
Cash Flow Statement .....	16
Schedules .....	18
Notes to the Accounts .....	25
Statement relating to Subsidiary Company .....	36
Reports and Accounts of Subsidiary Company - Proseal Closures Ltd. ....	37
Consolidated Accounts .....	55

### REGISTRARS

**Sharepro Services (India) Pvt. Ltd.**  
Satam Estate, 3rd Floor, Above Bank of Baroda,  
Cardinal Gracious Road, Chakala,  
Mumbai - 400 099.  
Tel. : 2834 8218 / 2832 9828 / 2821 5168  
Fax : 2837 5646

### REGISTERED OFFICE

L.U. Gadkari Marg,  
Mahul, Chembur,  
Mumbai - 400 074.  
Tel. : 2554 3043, 2554 4044-46  
Fax : 2554 3984  
E-mail : blvl@bom2.vsnl.net.in

### WORKS

#### *Closure Division:*

L.U. Gadkari Marg,  
Mahul, Chembur,  
Mumbai - 400 074.  
Tel. : 2554 3043, 2554 4044-47  
Fax : 2554 3984

#### *Plastic Division:*

D-195/2, T.T.C. Indl. Area,  
Turbhe, P.O. Box 43,  
Navi Mumbai - 400 705.  
Tel. : 2763 0035-37  
Fax : 2763 0038

### BOARD OF DIRECTORS

**D. S. van Griethuysen**  
Chairman

**P. B. Anand Rao**  
Managing Director

**S. K. Mukherjee**

**R. L. Dhawan** (upto 12.01.2006)

**V. N. Sharma**

**U. R. Kapadia**

**P. G. Mehta**

**P. V. Narayanan**

**C. V. Parameswar**

### MANAGEMENT TEAM

**M. N. Menon**  
Sr. Vice-President (Marketing)

**Rajesh Juthani**  
General Manager (Finance) & Company Secretary

**Ajit Shah**  
General Manager (Operations – Valerex Division)

**Sharath Kumar N.**  
General Manager (Operations – Closures Division)

### AUDITORS

**M/s. Price Waterhouse**  
Chartered Accountants

### BANKERS

**HSBC**  
**Bank of India**



## NOTICE

Notice is hereby given that the 46th Annual General Meeting of the Members of Balmer Lawrie-Van Leer Limited, will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 K. Dubash Marg, Mumbai - 400 001 on 29th August, 2006 at 2.30 p.m. to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006, the Profit and Loss Account for the year ended on that date together with Report of the Directors & Auditors thereon.
2. To declare dividend on Equity shares.
3. To appoint a Director in place of Mr. S. K. Mukherjee, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V. N. Sharma, who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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, 252, Veer Savarkar Marg, Shivaji Park, Mumbai 400 028, 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."

### 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 COMMENCEMENT OF THE MEETING.**
2. The Explanatory Statement setting out the material facts concerning the special business mentioned under item No.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 Saturday, 19th August, 2006 to Tuesday, 29th August, 2006 (both days inclusive).

The Dividend on Equity shares as recommended by the Board of Directors at its meeting held on 10th May, 2006, when approved by the shareholder at the ensuing Annual General Meeting will be paid to those shareholders whose name stands registered on the Register of Members of the Company a) As Member, after giving effect to all valid transfers in respect of the shares lodged with the company on or before close of business hours on Friday, **18th August, 2006** in respect of shares held in physical form and b) As Beneficial Owners as at the close at the close of business hours on Friday, **18th August, 2006**, as per the list made available by the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) in respect of shares held in electronic form.

Dividend warrants will be sent within 30 days from the date of declaration of dividend.

4. Members are requested to notify immediately any change in the address to the Company's Registrars and Transfer Agents M/s. Sharepro Services (India) Pvt. Ltd., Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Mumbai 400 099, Telephone No. 2834 8218 / 2832 9828 or to their Depository Participants (DPs) in case shares are held in electronic form on or before **18th August, 2006**.
5. **Members are requested to furnish details of their bank account, as dividends are now required to be disbursed through the Electronic Clearing Service (ECS). A self explanatory covering letter along with an ECS Mandate form is enclosed. Members are requested to kindly furnish the required details before 18th August 2006, to the company's Registrars & Share Transfer Agents, Sharepro Services (India) Pvt. Ltd.**
6. Pursuant to Section 205A and 205C of the Companies Act, 1956 dividend which remains unclaimed / uncashed for a period of seven years from date they first became due for payment is now required to be transferred to the "Investor Education and Protection Fund" established by the Central Government and no claims shall lie against the said Fund or the Company in respect thereof. Members are therefore requested to encash the dividend warrants immediately on receipt. Members who have not encashed the dividend warrant(s) so far are requested to send their claims directly to the Company or to Sharepro Services (India) Pvt. Ltd. the Company's Registrars and Share Transfer Agents.
7. As a measure of economy, copies of the Annual Report will not be distributed at the place of meeting. Members are requested to bring their copy of the Annual Report to the Meeting.
8. For the convenience of Members, Attendance Slip is annexed to the Proxy Form. Members are requested to fill in and affix their signature at the space provided and hand over the same at the entrance of the meeting venue.
9. Members desiring any relevant information on Accounts at the Annual General Meeting are requested to write to the Company at least ten days in advance of the Annual General Meeting so as to enable the company to keep the information ready.
10. In terms of Section 109A of the Companies Act, 1956 Members who hold shares in physical form are entitled to make nominations in respect of shares held by them whether singly or jointly. Members desirous of making nominations are requested to send their request in Form 2B enclosed. Members holding shares in demat form may contact their respective depository for recording of nomination.
11. Members holding shares in the identical order of names in more than one folio are requested to apply for consolidation of such folios and send relevant share/debenture certificates to Company's Registrars and Share Transfer Agents.
12. A brief profile of the Directors seeking re-appointment at the forth coming Annual General Meeting pursuant to clause 49 of the Listing Agreement is given below :

**Mr. S. K. Mukherjee** retires by rotation and being eligible offers himself for re-appointment. Mr. S. K. Mukherjee is a B.Com and AICWA. He specialises in the areas of Accounts, Finance, Taxation and General Management through experience gathered in handling various assignments in Balmer Lawrie & Co. Ltd. at the Strategic Business Unit Level and for the last 18 years at the Corporate level.

## 46th Annual Report 2005 - 2006

Presently Mr. S. K. Mukherjee is the Managing Director of Balmer Lawrie & Co. Ltd., and it would be in the interest of the company to appoint him as a Director liable to retire by rotation. The Directors, therefore, recommend his appointment at the meeting.

Except Mr. S. K. Mukherjee, none of the Directors is concerned or interested in the resolution.

Currently Mr. S. K. Mukherjee holds Directorship / Membership in the following Companies / Committees.

Name of Companies	Nature of Interest
Balmer Lawrie & Co. Ltd.	Managing Director
Transafe Services Ltd. (Previously known as Indian Container Leasing Co. Limited)	Director
Balmer Lawrie (UK) Ltd.	Director
Balmer Lawrie (Tea) Ltd.	Director
Avi-Oil India (P) Ltd.	Director
Proseal Closures Ltd.	Director
Balmer Lawrie (UAE) LLC	Director
Bengal Chamber of Commerce & Industry	Director

**Mr. V. N. Sharma** retires by rotation and being eligible offers himself for re-appointment. Mr. V. N. Sharma is a B.Tech in Chemical Engineering from the Madras University and PGDBM from XLRI Jamshedpur. He joined Balmer Lawrie & Co. Ltd. in 1975 and has held responsibilities at various levels in

Manufacturing, Materials/Commercial functions, R & D Project Management and as Profit Center Head.

Presently he is a Director on the Board of Balmer Lawrie & Co. Ltd. and it would be in the interest of the Company to appoint him as a Director liable to retire by rotation. The Directors, therefore, recommend his appointment at the meeting.

Except Mr. V. N. Sharma, none of the Directors is concerned or interested in the resolution.

Currently Mr. V. N. Sharma is a Director on the Board of Transafe Services Ltd. (Previously known as Indian Container Leasing Co. Limited).

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

Place : Mumbai,  
Dated : May 10, 2006

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

**Rajesh Juthani**  
Company Secretary

### EXPLANATORY STATEMENT

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

#### Item No.5 :

In terms of Section 224 A of the Companies Act, 1956, (hereinafter referred to as the "Act"), 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 your 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 M/s. 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 is interested in the resolution. The Directors recommend their re-appointment.

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

Place : Mumbai,  
Dated : May 10, 2006

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

**Rajesh Juthani**  
Company Secretary



## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Forty-Sixth Annual Report on the business and operation of your Company, together with the Audited Statement of Accounts of the Company for the year ended March 31, 2006.

### Financial Highlights

	Rs. in lakhs	
	2005-2006	2004-2005
Sales and other Income	8584.97	7438.81
Gross Profit before interest and depreciation	1198.57	1032.87
Less : Interest & Financial charges	145.46	171.42
Gross Profit before depreciation	1053.11	861.45
Less : Depreciation	419.26	408.70
Profit before Tax	633.85	452.75
Less : Provision		
Current Tax	82.90	37.58
Deferred Tax	86.77	160.81
Fringe Benefit Tax	16.47	-
Profit after Tax	447.71	254.36
Add : Profit Brought Forward	359.70	285.44
Profit available for Appropriation	807.41	539.80
Appropriations :		
Proposed Dividend	283.53	157.52
Tax on Dividend	39.77	22.58
Transferred to General Reserve	34.00	-
Profit Carried Forward	450.11	359.70

During the year the Domestic Sales grew by 7% and the Export sales grew by 18%. The overall growth in sales and other Income was 15% over the last year. The growth in sales was mainly on account of volume growth in both Closure and Plastic Divisions. The constant increase in the price of basic raw materials i.e. steel and Polymers coupled with increase in prices of all other inputs including packing & transportation had an adverse impact on the costs at both divisions. The increase in cost could not be passed on to customers fully in spite of frequent revision in the selling price due to cut throat price competition from the unorganised sector and in international markets.

However rigorous monitoring of operating overheads and improved efficiency ensured that the manufacturing overheads remained under control.

Profit before Depreciation, Interest and Taxes (PBITD) increased from Rs. 1032.87 Lakhs to Rs. 1198.57 Lakhs representing a growth of 16% over the previous year.

The finance cost reduced from Rs. 171.42 Lakhs to Rs. 145.46 Lakhs through efficient cash & better working capital management.

The Net profit (PAT) has increased from Rs. 254.36 Lakhs to Rs. 447.71 Lakhs representing an increase of 76% over the previous year.

### DIVIDEND

Considering the Growth and improvement in profitability during the year, the Board of Directors of your Company have recommended a dividend of 18% (Rs. 1.80 per share) on 1,57,52,014 Equity shares for the year 2005-06. This dividend if approved will be paid to the shareholders whose names appear in the Register of Members as at the end of business hours on **18th August, 2006**.

### OPERATIONS

#### CLOSURE DIVISION

The performance of this Division in terms of Production & Sales was quite satisfactory and has shown an appreciable growth over last year.

The Division recorded substantial growth in exports and posted highest ever sales of over 14.69 million sets during the year, bettering the figure of 13.41 million sets of last year. The price of steel, which is the basic raw material, kept increasing throughout the year and the same could not be passed on in full to customers, especially in the export market because of severe competitive pressures.

### PLASTIC DIVISION

#### Valerex 20

The production and sales in quantity terms grew by 16% over the previous year and the loss anticipated in volumes in earlier years on account of shift of customer's preference to pail has been contained to a large extent. The growth came through development of new customers and catering to the requirements of new segments.

#### Valerex 200

Both the production & sales in quantity terms grew by 12% over the previous year. The Sales in value term was higher at 16%. With the continuous increase in steel prices some shift in demand from steel drums to Plastic drums as an alternative packaging was evident though this is likely to be short lived due to polymer prices also going up in tandem with steel prices. The improvement in company's sales performance was mainly because it was able to widen its customer base spread over wide spectrum of industries.

With the polymer prices constantly rising in tandem with the increase in petroleum prices during the year, the additional material cost could not be passed on to customers in full and the margins were under pressure during the year.

### BLOW MOULDING

With the large unorganised players operating in this sector your company focused on few niche customers and added new products and sizes keeping their demand in view. The reduction in demand for steel drums due to higher prices and consequent shift in demand to plastic drums had an adverse impact on sale of liners. Besides the fall in sales of soft drink and growing demand for fresh fruit juice products also had an adverse impact on some of the blow moulded products. The production and sales both in quantity and value terms were lower as compared to the previous year.

### PAIL

With some diversification in the product range and de-bottlenecking of production facilities there was a quantum jump of 33% in both the production and sales volume during the current year. However the sale price remained non remunerative and was at times even lower than the cost. Your Company therefore had decided to restrict dealings with a few quality minded discerning customers and did not get into entire market segments.

### DIRECTORS

The Directors of your Company are sorry to inform the sad and sudden demise of Mr. R. L. Dhawan, who as Managing Director of your Company for almost 9 years guided and steered your Company during its most difficult period. The Board wish to take this opportunity to record its appreciation of the significant contribution and the valuable services rendered by him as a Director on the Board of your Company.

Mr. S. K. Mukherjee and Mr. V. N. Sharma directors of the company will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### Subsidiary Company

Pursuant to Section 212 of the Companies Act, 1956 the Annual Accounts for the period ended 31st March, 2006 as also Auditors' and Directors' Reports in respect of the Company's subsidiary, M/s. Proseal Closures Ltd., are attached to the Accounts of the Company. The Subsidiary company had an all round improvement during the year with sales and other income increasing to Rs. 2201.19 Lakhs from Rs. 1649.49 Lakhs compared to previous year representing a growth of 33%. As required u/s 32 of the Listing Agreement with Bombay Stock Exchange, the Consolidated Financial Statements are also attached.

## 46th Annual Report 2005 - 2006

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, as amended the Directors confirm that:

- i] In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;
- ii] The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2006 and of the profits of the Company for the year ended 31st March, 2006;
- iii] The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The Directors have prepared the annual accounts on a going concern basis

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required to be disclosed u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 with respect to Conservation of Energy and Technology Absorption and Foreign Exchange Earnings/Outgo is also given in Annexure I forming part of this Report.

### PARTICULARS OF EMPLOYEES

There are no employees covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended. Hence no particulars are required to be furnished.

### FIXED DEPOSITS

The Company has not accepted any Fixed Deposit within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

### INDUSTRIAL SAFETY AND ENVIRONMENT PROTECTION

The Company continues to give the highest priority to health and safety of its employees with due regard to conservation of environment. The

company has appointed Safety Officer in both the divisions and also conducts regular in-house training to enable and educate the staff to live safer life. The Company continues to comply with all safety norms and regular monitoring of effluents as an integral part of the Company's operating systems.

### HUMAN RESOURCES

The industrial relations at all the units during the year have been healthy, cordial and harmonious. Despite severe competition, the enthusiasm and unstinting efforts of the employees have enabled the company to excel in its performance. During the year the Company entered into long term agreement with the workmen of Plastic Division.

### AUDITORS

The statutory Auditors of the company, M/s. Price Waterhouse, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Audit Committee of the Board recommends the re-appointment of M/s. Price Waterhouse as statutory Auditors.

### REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSIONS

As required under amended Clause 49 of the Listing Agreement entered into with the Stock Exchange, a detailed Report on Corporate Governance along with the Certificate from M/s. Dilip Deokule & Co. a firm of Practising Company Secretary, in this regard as also the Management Discussions and Analysis report are annexed herewith forming an integral part of this Report.

### ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere thanks and appreciation for the continued guidance, support and co-operation received from bankers, customers, suppliers, shareholders and the regulatory authorities. The Directors also take this opportunity to acknowledge the dedicated efforts and contribution of the employees at all levels as without their focus, commitment and hard work, the company's growth would not have been possible in the current challenging environment.

On behalf of the Board of Directors

Place : Mumbai  
Dated : May 10, 2006

**P. B. Anand Rao**  
Managing Director

## ANNEXURE I TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ended 31st March, 2006

### 1. ENERGY CONSERVATION

Measure Taken & its Impact :

#### i) At Closures Division

- Optimization of process Air Consumption by replacing 37 KW Compressor with 30 KW Compressor.
- Installation of Inverter on Chiller Pump to regulate the power consumption.
- Redesigning of water line circuit and elimination of 7.5 KW Pump.

#### ii) At Plastics Division

- Replacement of factory and street lighting with energy saving fixtures resulted in 4 to 5% saving in lighting power consumption.
- Introduction of low temperature curing printing inks in drying oven resulting in saving of 15 to 20%.
- Installation of radial exhaust which works on kinetic energy principal for exhaust of hot air from the plant.

### 2. RESEARCH & DEVELOPMENT

- Shift from Butt Welding Technology to Lap Welding to improve the performance standard of drums.

- Introduction of special feature in pail and its closure to prevent tampering with content inside.

As there is no separate R & D Department, the separate amount spent on R & D is difficult to estimate

#### Benefits Derived

- Better Customer satisfaction and reduction in costs.

#### Future plans

- Introduce special feature for decanting arrangement in valerex 20 L drum.

### 3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Continuous interaction with the Parent Companies for technology up-gradation and innovation.

### 4. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the foreign exchange earning from exports was Rs. 1994.99 Lakhs while the foreign exchange outgo for imports and payment for other services and expenses was Rs. 2291.86 Lakhs.



## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy of Corporate Governance

The Company aims at conducting its business efficiently, by following professionally acknowledged good governance policies, thus meeting its obligations to all stakeholders in a balanced and accountable manner.

### 2. Board of Directors

#### (i) Composition :

The Board of Directors comprises of nine Directors. Apart from the Managing Director, all the other eight Directors are Non-Executive Directors. Of the 8 Non-Executive Directors, 2 are nominees of The Royal Packaging Industries Van Leer B.V., (now renamed as Greif International Holding B.V.) 3 are nominees of Balmer Lawrie & Co. Ltd. One Director is a nominee of Harshadray Private Ltd., the other 3 Directors are Independent Directors.

#### (ii) Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) :

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM
Mr. D. S. van Griethuysen	Chairman – NED	4	YES
Mr. E. Jan Boertien (Appointed from October 26, 2005)	Alternate to Mr. D. S. van Griethuysen	1	NO
Mr. P. B. Anand Rao	MD	5	YES
Mr. R. L. Dhawan (Expired on January 12, 2006)	NED	–	NO
Mr. S. K. Mukherjee (Appointed from April 28, 2004)	NED	5	YES
Mr. V. N. Sharma (Appointed from April 28, 2004)	NED	5	YES
Mr. U. R. Kapadia	NED	4	YES
Mr. P. V. Narayanan	NED(I)	5	YES
Ms. P. G. Mehta	NED(I)	2	YES
Mr. C. V. Parameswar (Appointed from March 28, 2005)	NED (I)	3	YES

NED(I) – Non-Executive Director - Independent

NED – Non-Executive Director

MD – Managing Director

#### (iii) Number of other Boards of Directors or Board Committees where Directors of the Company are a Director / Member / Chairman :

Name of Director	No. of Directorships in other Boards*	No. of Memberships in Committees of other Boards**	No. of Chairmanships of Committees of other Boards
Mr. D. S. van Griethuysen	1	–	–
Mr. P. B. Anand Rao	1	–	–
Mr. R. L. Dhawan (Expired on January 12, 2006)	–	–	–
Mr. S. K. Mukherjee	8	3	1
Mr. V. N. Sharma	2	–	–
Mr. U. R. Kapadia	11	–	–
Mr. P. V. Narayanan	2	1	1
Ms. P. G. Mehta	1	–	–
Mr. C. V. Parameswar (Appointed from March 28, 2005)	1	1	–

\* Directorships in Foreign Companies and Private Limited Companies are also included in the above table.

\*\* Membership in Audit Committees / Shareholder Grievance Committees / Remuneration Committees of all Public Limited Companies have been considered.

#### (iv) Details of Board Meetings held during the year April 1, 2005 to March 31, 2006 :

Sr. No.	Date
1.	May 12, 2005
2.	July 14, 2005
3.	September 21, 2005
4.	October 26, 2005
5.	January 24, 2006

### 3. Audit Committee

#### (i) Composition, Number of Meetings and Attendance :

The Audit Committee comprises of 4 Directors, of which 3 are Independent Directors, Mr. C. V. Parameswar (Independent Director) is the Chairman of the Committee.

Mr. U. R. Kapadia and Ms P. G. Mehta (Independent Director) & Mr. P. V. Narayanan (Independent Director) are the other three Members of the Committee.

## 46th Annual Report 2005 - 2006

During the year, four Audit Committee Meetings were held on May 10, 2005, July 29, 2005, October 24, 2005 and January 23, 2006.

Sr. No.	Name of Directors who are / were Members of the Audit Committee during 2005-2006	No. of Meetings attended
1.	Mr. U. R. Kapadia	2
2.	Mr. P. V. Narayanan	4
3.	Ms. P. G. Mehta	1
4.	Mr. C. V. Parameswar	4

All Members of the Audit Committee are Non-Executive Directors. The Managing Director, Internal Auditors and Statutory Auditors are invitees to the Meeting. The Company Secretary of the Company acts as the Secretary to the Audit Committee.

(ii) **Terms of Reference :**

The terms of reference of this Committee cover matters specified under the Listing Agreement and the Companies Act, 1956 of India.

#### 4. **Remuneration Committee**

Constitution of Remuneration Committee by listed Public Limited Companies pursuant to the Listing Agreement is voluntary. Presently, the Company does not pay any remuneration to any Non-Executive Director other than sitting fees for attending Board meeting. The salary of the Managing Director is decided by the Board of Directors within the overall limits approved by the Members.

Details of remuneration paid to the Executive Director for period year April 1, 2005 to March 31, 2006 are given below :

Name of Director	Salary & Benefits	Commission	Perquisites & contribution to Provident Fund	Terms of appointment
Mr. P. B. Anand Rao	Rs. 12,12,000	Rs. 330,080	Rs. 2,54,829	5 years w.e.f. 01.04.2002

(i) The Company does not have a stock option scheme.

(ii) Either party can terminate the agreement by giving 3 months' notice.

#### 5. **Shareholders' / Investors' Grievance Committee**

(i) **Composition :**

This committee comprises of 3 Directors, Mr. U. R. Kapadia is the Chairman of the Committee, Mr. P. B. Anand Rao and Mr. P. V. Narayanan, are the other member of the Committee.

(ii) **Compliance Officer :**

Mr. V. Venkatramanan was the Compliance Officer till October 26, 2005. Mr. P. B. Anand Rao, Managing Director, acted as Compliance Officer till March 9, 2006. Mr. Rajesh Juthani, Company Secretary, is now appointed as Compliance Officer w.e.f. March 10, 2006.

(iii) **Complaints :**

47 Complaints were received during the period under review. All the complaints have been resolved/responded. There were no valid Share Transfers pending as on March 31, 2006.

#### 6. **General Body Meetings**

(i) **Location and time where last three Annual General Meetings were held :**

Financial Year	Date	Time	Venue
2002-2003	July 29, 2003	3.30 p.m.	Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Oricon House, 6th Floor, 12 K. Dubash Marg, (Kala Ghoda), Fort, Mumbai-400 001.
2003-2004	September 14, 2004	2.30 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 K. Dubash Marg, Fort, Mumbai-400 001.
2004-2005	September 21, 2005	2.30 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 K. Dubash Marg, Fort, Mumbai-400 001.

(ii) No special resolution was put through Postal Ballot at the last AGM.

(iii) No special resolution is proposed to be conducted through Postal Ballot at the ensuing Annual General Meeting..

#### 7. **Disclosures**

(i) The Company has complied with the requirements of regulatory authorities on capital markets and no penalties / strictures have been imposed against it in the last three years.

(ii) There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their relatives or subsidiaries etc. that may have potential conflict with the interests of the Company at large. The register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Transactions with the related parties are disclosed in Note No. 16 of Schedule "S" to the Accounts in the Annual Report

(iii) The CEO (Managing Director) has confirmed to the Board that all the Directors and Senior Executive (below Board level) have affirmed compliance with code of conduct.

(iv) The company has not yet adopted any non-mandatory requirements of clause 49 of the Listing agreement.



**8. Means of Communication**

Quarterly results are published in one English daily newspaper (Business Standard) circulating in the country and one Marathi newspaper (Sakal) published from Mumbai. During the financial year, the Company has not made any presentation to the institutional investors or analysts. The Financial Results are displayed on the Company's Website [www.blvindia.com](http://www.blvindia.com) and are also available on SEBI's Website [www.sebi.edifar.nic.in](http://www.sebi.edifar.nic.in)

Since the quarterly / half year results are published in leading newspapers as well as displayed on Website, the same are not sent to the Shareholders of the Company.

The Company has not issued any news releases during the financial year hence no such release posted on website.

**9. General Shareholder Information**

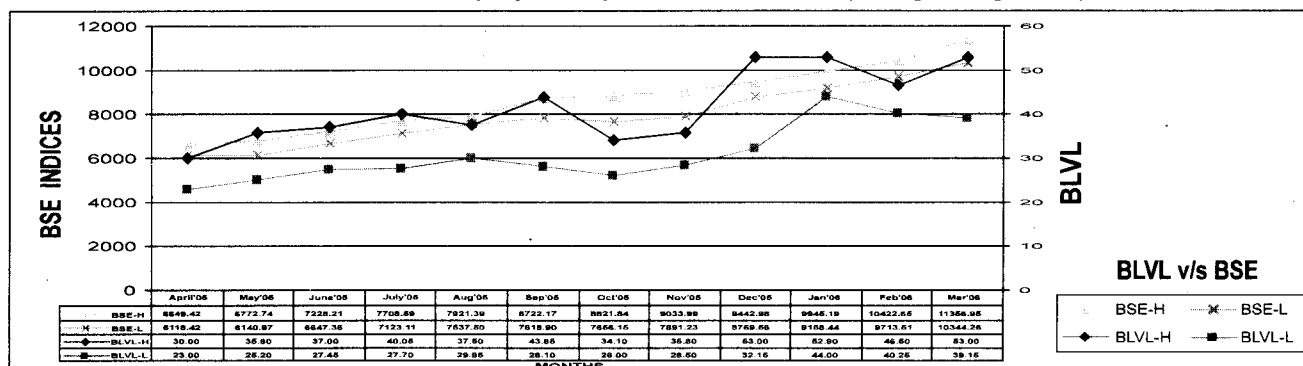
AGM : Date, Time & Venue	29th August, 2006 at 2.30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 K. Dubash Marg, Mumbai-400 001.
Financial calendar	i) Financial year – April 1 to March 31. ii) First Quarter Results – Last Week July, 2005. iii) Half Yearly Results – Last Week of October, 2005. iv) Third Quarter Results – Last Week of January, 2006. v) Audited Results for the year 2005-06 – Second Week of May 2006
Date of Book Closure	19/08/2006 to 29/8/2006
Dividend Payment date	Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid at par on or after 3rd September, 2006
Listing of Stock Exchanges	<b>The Stock Exchange</b> <b>Code</b> Mumbai 505864
ISIN Number for NSDL & CDSL	INE920D01015
Market Price Data High, Low during each month in last financial year	Please see <b>Annexure 'A'</b>
Stock Performance	Please see <b>Annexure 'B'</b>
Registrars and Share Transfer Agents	M/s. Sharepro Services (India) Pvt. Ltd., Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Mumbai-400 099. Contact Person : Mr. N. Narayanan Telephone No. : 2834 8218 / 2832 9828 / 2821 5168 • Fax : 2837 5646
Share Transfer System	The Company's shares being in the compulsory dematerialised list are transferable through the depository system. Shares in physical form, are processed by the Registrars & Transfer Agents, and are approved by the Committee of Officers for Share Transfers / Shareholders Investor Grievance Committee of the Company.
Distribution of shareholding and shareholding pattern as on March 31, 2006	Please see <b>Annexure 'C'</b>
Dematerialisation of shares & liquidity	55.87% of the paid up share capital has been dematerialised as on 31/3/2006.
Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date & likely impact on Equity	Nil
Plant Location	1) L. U. Gadkari Marg, Mahul, Mumbai-400 074. 2) D-195/2, TTC Indl. Area, Turbhe, Navi Mumbai-400 705. 3) Janakipuram, Taluk Madurantakam, Dist. Kanchipuram, Chennai
Address for correspondence	Shareholders correspondence should be addressed to M/s. Sharepro Services (India) Pvt. Ltd., Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Mumbai-400 099. Contact Person : Mr. N. Narayanan Telephone No. : 2834 8218 / 2832 9828 / 2821 5168 • Fax : 2837 5646

**Annexure 'A' - Market price data - High / Low during each month on BLVL / BSE**

Month	BLVL High (Rs.)	BLVL Low (Rs.)	BSE High (Rs.)	BSE Low (Rs.)
April, 2005	30.00	23.00	6649.42	6118.42
May, 2005	35.80	25.20	6772.74	6140.97
June, 2005	37.00	27.45	7228.21	6647.36
July, 2005	40.05	27.70	7708.59	7123.11
August, 2005	37.50	29.95	7921.39	7537.50
September, 2005	43.85	28.10	8722.17	7818.90
October, 2005	34.10	26.00	8821.84	7656.15
November, 2005	35.80	28.50	9033.99	7891.23
December, 2005	53.00	32.15	9442.98	8769.56
January, 2006	52.90	44.00	9945.19	9158.44
February, 2006	46.50	40.25	10422.65	9713.51
March, 2006	53.00	39.15	11356.95	10344.26

## 46th Annual Report 2005 - 2006

## Annexure 'B' - Stock Performance of the Company in comparison to BSE Sensex (Average of High / Low)



## Annexure 'C'

## Distribution schedule as on March 31, 2006

Shares held	No. of Shareholders	%	No. of Shares	%
1-500	13,954	96.229	1,091,938	6.93
501-1000	313	2.158	254,533	1.62
1001-2000	126	0.869	184,582	1.17
2001-3000	36	0.248	93,011	0.59
3001-4000	21	0.145	72,719	0.46
4001-5000	10	0.069	48,181	0.31
5001-and above	41	0.283	14,007,050	88.92
<b>TOTAL</b>	<b>14,501</b>	<b>100.00</b>	<b>15,752,014</b>	<b>100.00</b>

## Shareholding pattern as on March 31, 2006

	Category	No. of Shares held	Percentage of Shareholding
1.	<b>INDIAN PROMOTERS</b> Balmer Lawrie & Co. Ltd.	6,319,978	40.12
2.	<b>FOREIGN PROMOTERS</b> Grief International Holding B. V.	6,319,983	40.12
3.	Mutual Funds and UTI	5,950	0.04
4.	Banks, Financial Institutions, Insurance Companies	450	0.00
5.	Private Corporate Bodies	1,068,411	3.78
6.	Indian Public	1,996,691	12.68
7.	NRI's/OCB's	40,551	0.26
	<b>TOTAL</b>	<b>15,752,014</b>	<b>100.00</b>

## CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

### To the Members of Balmer Lawrie-Van Leer Limited

We have examined all relevant records of Balmer Lawrie-Van Leer Limited (the Company) for the purpose of certifying compliance of conditions of Corporate Governance proposed under the Clause 49 of the Listing Agreement entered with Mumbai Stock Exchange for the financial year ended 31st March, 2006. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof. This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanation and information furnished, we certify that the Company has :

- Complied with all the mandatory conditions of the said clause 49 of the Listing Agreement.
- Adopted none of the non-mandatory requirements of the said clause 49.

**For Dilip Deokule & Co.**

(Company Secretaries)

**Dilip H. Deokule**

Proprietor

Membership No. : ACS-9995

Certificate of Practice No. : 4875

Place : Mumbai  
Date : May 10, 2006