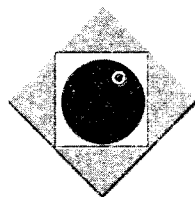


**49<sup>th</sup>**  
*Annual Report*  
**2008-2009**



**Balmer Lawrie-Van Leer Limited**

## 49th Annual Report 2008 - 2009

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#### BOARD OF DIRECTORS

Reinier Hietink	- Chairman
P. B. Anand Rao	- Managing Director
S. K. Mukherjee	- Director
V. N. Sharma	- Director

#### STATUTORY AUDITORS

M/s. Price Waterhouse - Chartered Accountants

#### INTERNAL AUDITORS

M/s. L.B. Jha & Co. - Chartered Accountants

#### MANAGEMENT TEAM

M. N. Menon	- Chief Operating Officer
Rajesh Juthani	- General Manager (Finance) & Company Secretary
Ajit Shah	- General Manager (Operations - Valerex Division)
Sharath Kumar N.	- General Manager (Operations - Closures Division)

#### BANKERS

The Hong Kong & Shanghai Banking Corp. Ltd.  
Bank of India  
Standard Chartered Bank  
The Jammu & Kashmir Bank Ltd.

#### REGISTERED OFFICE :

D-195/2, TTC Industrial Area, MIDC Turbhe, Navi Mumbai-400 705.  
Tel. : 6739 6400 • Fax : 6739 6436 • E-mail : blvl@bom2.vsnl.net.in

#### WORKS :

##### Closure Division:

D-195/2, TTC Industrial Area,  
MIDC, Turbhe,  
Navi Mumbai-400 705.  
Tel. : 6739 6400 • Fax : 6739 6436

##### Plastic Division Mumbai:

D-195/2, T.T.C. Indl. Area,  
MIDC, Turbhe,  
Navi Mumbai - 400 705.  
Tel. : 2763 0035-37 • Fax : 2763 0038

##### Plastic Division Chennai:

Village : Janakipuram,  
Taluk : Madurantakam  
Dist. : Kancheepuram, Chennai  
Tel. : 044-27567131 / 7132

#### REGISTRARS

##### Sharepro Services (India) Pvt. Ltd.

13AB, Samhita Warehousing Complex, 2nd Floor,  
Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka,  
Andheri (E), Mumbai - 400 072.  
Tel. : 022-2851 1872 / 6772 0300 / 6772 0400 • Fax No : 2859 1568



## NOTICE

Notice is hereby given that the 49th Annual General Meeting of the Members of Balmer Lawrie-Van Leer Limited, will be held on Thursday, the 30th day of July, 2009 at the Registered Office of the Company at D-195/2, TTC Industrial Area, MIDC Turbhe, Navi Mumbai - 400 705 at 3.30 P.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended March 31, 2009 and the Balance Sheet as at that date together with Reports of the Directors & the Auditors thereon.
2. To appoint a Director in place of Mr. V. N. Sharma 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, 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."

### SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provision of Section 372A of the Companies Act, 1956 (and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such other approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to invest in one or more tranches upto an aggregate of Rs.18.18 Crore (Rupees Eighteen Crore Eighteen Lac) to acquire up to 1,13,62,000 Equity Shares of Rs.10 each at a premium of Rs.6 per share (which includes 79,53,400 Equity shares being acquired by the Company in the first tranche) in the Equity Share capital of Transafe Services Limited (TSL) notwithstanding that such investment together with the Company's existing investments in all other body/ies corporate, aggregate of loans/ guarantees given or securities so far provided may exceed 60% of the paid up capital and free reserves of the Company or 100% of its' free reserves, whichever is more."

"RESOLVED FURTHER That the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to execute all such documents and writings as it may be considered necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

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

"RESOLVED THAT in supersession of resolution passed at the 36th Annual General Meeting of the Company held on 30th September, 1996 pursuant to the provision of Section 293(1)(d) of the Companies Act, 1956 and all other applicable provisions, if any, including any amendment or modification thereof, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money for the purpose of the business of the Company, from time to time, notwithstanding that the money or monies to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business) may exceed the

aggregate of the paid up capital and free reserves of the Company, that is to say reserves not set apart for any specific purposes, provided that the total amount so borrowed shall not exceed Rs.100 Crore (Rupees One Hundred Crore only)".

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

"RESOLVED THAT in supersession of resolution passed at the 36th Annual General Meeting of the Company held on 30th September, 1996 and pursuant to Section 293(1)(a) of the Companies Act, 1956 and all other applicable provisions, if any, including any amendment or modification thereof, consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage, hypothecate, pledge or otherwise create charge or encumbrance of all or any of the securities, properties and assets of the Company, moveable and immoveable, present and future, whatsoever and where so ever situated in favour of the Financial Institutions, Banks or any other lenders to secure any loan or facilities granted or to be granted by or under any obligation incurred or to be incurred towards such Financial Institutions, Banks or any other lenders together with interest, additional interest, compound interest, liquidated damages, commitment charges, premium on pre-payment, costs, charges, expenses and all other moneys due owing or payable in connection therewith provided however the total amount so borrowed shall not exceed Rs.100 Crore (Rupees One Hundred Crore)".

"RESOLVED FURTHER That the Board of Directors of the Company be and is hereby authorized to finalize with any or all the Concerned parties and to perform, do all such acts, deeds and things including execution of deeds, agreements, documents, writings for creating the mortgage, hypothecation, charge or encumbrance as may be considered necessary, expedient or proper for giving effect to this resolution".

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), read with Schedule XIII to the Act, or any statutory amendment or modification thereto and subject to the approval of the Central Government if necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr. P.B. Anand Rao, as the Managing Director of the Company for a further period of one year with effect from 1st October, 2009 upon such terms and conditions including remuneration as set out in the draft Agreement to be entered into between the Company and Mr. P.B. Anand Rao with specific authority to the Board of Directors to alter and vary the terms and conditions of the aforesaid re-appointment and/or Agreement, in such manner as may be agreed upon by and between the Board of Directors and Mr. P. B. Anand Rao provided that such alteration/variation shall be within the limits specified in Schedule XIII to the Act or any amendments thereto from time to time;

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

"RESOLVED THAT pursuant to the provisions of Section 163 and all other provisions, if any, of the Companies Act, 1956 the Register of Members, Index of Members, Register of Debenture holders, Index of Debenture holders and other related books be kept at the premises of the Company's Registrar & Transfer Agents viz. Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 and also at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021."

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### 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/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The relevant Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special resolution at item no. 3 and Special Business at Item No. 4 to 8 of the Notice are given below and forms part of the Notice.
3. The Register of Members and the Share Transfer Books of the Company will be closed from 23rd July, 2009 to 30th July, 2009 (both days inclusive) for the purpose of Annual General Meeting.
4. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their Bank details, ECS mandates, nominations, power of attorney, change of address / name etc., to their depository participant only quoting their Client ID Nos. and not to the Company or its Registrar and Transfer Agents. The said changes will be automatically reflected in the Company's records.
5. Members holding shares in physical form are requested to notify the above changes as stated in note no.4 above to the Company or to the Registrar and Transfer Agent, M/s. Sharepro Services (India) Private Limited, 13 AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 Telephone Nos. 6772 0300/672 0400.
6. Pursuant to the provisions of Section 205A and 207A of the Companies Act, 1956 as amended, the dividend which remained unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund established by the Central Government and no claims shall lie against the Fund or the Company. Members therefore who have either not received or encashed their dividend warrants(s) for the year ended 31st March, 2003 or any subsequent years are requested to send their claim/dividend warrant(s) for revalidation immediately either to the Company or to the Registrar and Transfer Agents, M/s. Sharepro Services (India) Private Limited for obtaining the payment in lieu of such warrants.
7. Members are requested to bring their copy of the Annual Report at the Meeting.
8. Members/Proxies should bring the attendance slip duly filled-in and signed for attending the meeting.
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 before the date of the Annual General Meeting.
10. Pursuant to Section 109A of the Companies Act, 1956, shareholders holding shares in electronic/demat form may file nomination in the prescribed Form 2B (in duplicate) with their respective Depository Participant and shareholders holding the shares in physical form may file the same with the Company or Company's Registrar and Transfer Agents.
11. Members holding physical shares in the same name(s) or under different folios are requested to apply for consolidation of such folios and send relevant share certificates.
12. A brief profile of the Director retiring by rotation and eligible for re-appointment, is given below:  
 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 Centre Head.  
 Presently he is a Director on the Boards of Balmer Lawrie & Co. Ltd., Transafe Services limited and AVI-Oil India (P) Ltd., 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 other Directors is concerned or interested in the resolution.

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

Place : Mumbai  
Dated : June 20, 2009

**Rajesh Juthani**  
Company Secretary

Registered Office :  
D-195/2, TTC Industrial Area  
MIDC Turbhe, Navi Mumbai-400 705.





## 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, (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.

### Item No. 4 :

The Company is investing Rs.12.73 Crore in first tranche for acquiring 7953400 Equity shares of Rs.10 each of Transafe Services Limited ("TSL") at a premium of Rs.6 per share from ICICI Venture Funds Management Company Ltd (ICICI Venture) acting as Fund Manager on behalf of two funds and proposes to further invest Rs.5.45 Crore for acquiring up to 3408600 Equity shares of TSL at the same price. The proposed investment with the existing investments made/to be made by the Company will exceed the limits prescribed under the provisions of Section 372A of the Companies Act, 1956. Any investment by the Company which exceeds the limits specified under Section 372 A of the Companies Act, 1956 requires the approval of the shareholders. Hence the resolution is placed. The Company shall be availing loan of Rs.18.18 Crore from Balmer Lawrie & Co. Ltd., for the proposed investment. The Directors recommend the resolution for approval by the shareholders.

Mr. S. K. Mukherjee and Mr. V. N. Sharma being Directors on the Board of Balmer Lawrie & Co. Ltd., one of the promoter Company of Transafe Services Limited may be considered as concerned or interested in the resolution.

### Item No. 5 :

The shareholders at the 36th Annual General Meeting held on 30th September, 1996 had authorized the Board of Directors of the Company to borrow money up to a limit of Rs.70 Crore. In view of the proposed investments in the acquisition of shares of TSL and other prospective investments, the borrowings may exceed the above said limit. As per the provisions of Section 293 (1)(d) of the Companies Act the borrowing in excess of the paid up capital and free reserves that is to say reserves not set apart for any specific purpose requires approval from members. Hence the resolution authorizing the Board of Directors to borrow up to limit of Rs.100 Crore (apart from temporary loans obtained / to be obtained from the Company's Bankers in the ordinary course of business) is placed before the members for their approval. The Directors recommend the resolution for approval by members.

None of the Directors of the Company is concerned or interested in the resolution except for Mr. S. K. Mukherjee and Mr. V. N. Sharma who may be deemed to be interested in the proposal by virtue of them being directors on the Board of Balmer Lawrie & Co. Ltd.,

### Item No. 6 :

The borrowings of the Company are in general required to be secured by a suitable charge either by way of hypothecation or mortgage on all or any of the moveable or immoveable properties of the Company or pledge of securities in such form, manner and ranking as may be determined by the Board of Directors of the Company and stipulated by the respective lenders from time to time.

The charge either by way of hypothecation and/or mortgage by the Company of its moveable and immoveable properties and/or pledge of securities of the Company in favour of the lender(s) requires approval of the members. Hence it is necessary for the members to pass a resolution under this section. The Directors recommend the resolution for approval by the members.

None of the Directors of the Company is concerned or interested in the resolution except for Mr. S. K. Mukherjee and Mr. V. N. Sharma who may be deemed to be interested in the proposal by virtue of them being directors on the Board of Balmer Lawrie & Co. Ltd.,

### Item No. 7 :

The terms of appointment of Mr. P. B. Anand Rao, Managing Director was last extended by a period of one year from 1st October, 2008 to 30th September, 2009 by the members at the Annual General Meeting held on 30th September, 2008 based on the recommendation of the Board of Directors of the Company made at their meeting held on 22nd May, 2008.

The Board of Directors have recommended to further extend the terms of appointment of Mr. P.B. Anand Rao as the Managing Director by a further period of one year from 1st October, 2009 to 30th September, 2010 on the following terms and conditions :

1. Period - 1 year with effect from 1st October, 2009
2. Mr. P. B. Anand Rao, the Managing Director shall be entrusted with the substantial powers of the Management and control of the affairs of the company subject to the superintendence, control and direction of the Board of Directors and relevant provisions of the Articles of Association of the Company and the Companies Act, 1956 (Act).
3. In consideration of the performance of his duties, Mr.P.B.Anand Rao shall be paid remuneration as below:
  - I. Salary : Rs.1, 00,000 per month subject to annual increment with effect from 01.04.2010 as may be decided by the Board.
  - II. Commission : 0.5% of the net profit of the Company as determined under the Companies Act, 1956 as reduced by net profit arising out of sale of fixed assets of the Company.
  - III. Perquisites : In addition to the above, remuneration would comprise of free unfurnished accommodation or HRA in lieu thereof with gas, electricity expenses to be borne by the company, company maintained chauffeur driven air-condition car for official purpose (with a monthly recovery towards personal use of the car as per Company Car scheme), Reimbursement of medical expenses for self, spouse and dependent children at actual as per rules of the Company, one month's salary as leave travel concession, Club membership fees including entrance fees (for maximum two clubs), reimbursement of premium for personal accident insurance (subject to a limit of Rs.6000 per annum), post settlement benefits such as re-settlement allowance, temporary housing accommodation for specified period and such other facilities as may be approved by the Board on completion of tenure and such other allowances/ benefits and perquisites as may be applicable to him as per rules of the Company from time to time.

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### IV. Separation Benefits:

In addition Mr. P. B. Anand Rao shall be entitled to the Company's Contribution to Provident Fund and Superannuation Fund not exceeding 27% of the Basic salary, Gratuity payment @ 4.8% of Salary for every completed year of service and encashment of earned privilege and sick leave in accordance with the rules of the Company.

4. The contract may be terminated by either party by giving to the other party three months' notice.
5. Confidentiality Clause and adherence to Company's Code of Conduct.
6. If at any time Mr. P.B. Anand Rao, the Managing Director disqualifies/ceases to be director of the Company for any reason/cause whatsoever, he shall vacate office as the Managing Director of the Company.
7. The Overall ceiling of Salary, Commission and Perquisites will be subject to provisions of Section 198, 309 and Schedule XIII of the Act.

In compliance with the provisions of Section 309, 310, 311 and other applicable provisions of the Act read with Schedule XIII of the Act, the terms of remuneration specified above is placed before the Members for their approval.

This may be treated as an abstract of the draft Agreement to be entered into between the company and Mr. P. B. Anand Rao under Section 302 of the Act.

Except Mr. P. B. Anand Rao, no other directors are interested or concerned in the resolution.

### Item No. 8 :

Under the provisions of the Companies Act, 1956 (the "Act") certain documents such as the Register and Index of Members, Register and Index of Debenture holders, other related books and papers etc., are required to be kept at the Registered Office of the Company. However these documents can be kept at any other place within the City, town or villages in which the Registered Office of the Company is situated, with the approval of the Members to be accorded by a Special Resolution.

The members of your Company vide special resolution passed at the 43rd Annual General meeting held on 29th July, 2003 had approved keeping above records at the office premises of M/s. Sharepro Services (India) Private Limited, the Registrar and Transfer Agents (R&T) at Satam Industrial Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai-400 099.

Since the said premises where R & T are located is undergoing re-development, they have shifted their registered office at 13 AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072. The said R & T who has been providing depository related services for the shares held in demat mode and also acting as the Share Transfer Agent for the shares held in physical segment will continue to provide the services from new address. Hence the approval of the Members is sought in terms of Section 163 (1) of the Act, for keeping the afore-said Registers and documents at the new premises of the R & T as stated in the Resolution. The Board of Directors recommends the resolution as set out in the Notice for your approval.

None of the Directors are concerned or interested in the resolution.

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

**Rajesh Juthani**  
Company Secretary

Place : Mumbai  
Dated : June 20, 2009

Registered Office :  
D-195/2, TTC Industrial Area  
MIDC Turbhe, Navi Mumbai-400 705.



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Forty Ninth Annual Report, together with Audited Statement of Accounts of the Company, along with the report of the Auditors, for the year ended March 31, 2009.

### Financial Highlights

	Rs. in Lacs	
	F.Y. 31.03.2009	F.Y. 31.03.2008
Sales and other Income	12316.24	11315.30
Gross Profit before interest and depreciation	727.70	1120.68
Less : Interest & Financial charges	465.00	217.35
Gross Profit before depreciation	262.70	903.33
Less: Depreciation	541.68	399.77
Profit before Tax	(278.98)	503.56
Exceptional Item	-	316.00
Less : Provision for Income Tax	15.78	212.00
Less : Provision for Fringe Benefit Tax	18.00	14.83
Less : Provision for Deferred Tax	(23.23)	(40.44)
Profit after Tax	(289.53)	1.17
Add : Profit Brought Forward	484.97	575.94
Amount available for Appropriation	195.44	577.11
Appropriations:		
Proposed Dividend & Dividend Distribution Tax thereon	-	78.76
Transferred to General Reserve	-	-
Profit Balance Carried Forward	195.44	484.97

During last year your Company's Sales and other Income grew by 8.84% over previous year primarily on account of volume growth in Plastic Container Divisions at Mumbai & Chennai.

Unabated increase in prices of main raw materials viz. Polymer and Steel in the first half of the financial year for both Divisions coupled with general price increase in all consumable items and packing materials had an adverse impact on the net margin of your Company's products. At the beginning of the second half of the financial year just when the Company's sustained efforts to pass on to the Customers the impact of all round increase in input costs were about to fructify, the raw material prices nosedived due to fears of global recession. This resulted in company being saddled with high priced inventory of raw material. This coupled with the selling prices crashing and demand slump caused the Company to post substantial financial losses. Frequent power disruptions both at Mumbai and Chennai as also with deterioration in quality of power and higher cess eroded the margins further. Unexpected depreciation of rupee in 2008 further resulted in unprecedented foreign exchange losses of Rs.401.02 Lac (net) on imports.

### DIVIDEND

In view of the losses incurred by the Company, the Board of Directors do not recommend any dividend payment for the year ended on 31st March, 2009.

### OPERATIONS

#### CLOSURES DIVISION

The performance of the Closure Division both in terms of Production & Sales in the 1st half of the year was affected primarily due to shifting of operations of this division from Chembur to Turbhe and time taken for stabilization of plants and processes. By October' 08 when stabilization of production including the expanded capacity was visible, the economic conditions in both local and international market deteriorated beyond

expectation resulting in demand from exports almost disappeared in last quarter of the year. The production and sales during the year were lower at 14.53 million sets and 13.81 million sets as against 17.99 million sets and 18.22 million sets respectively, representing a drop of 24 % over last year. The trend in the last quarter in particular was quite discouraging. The total sale in value term was also lower at Rs.3512 Lac vs Rs.3602 Lac. The price of steel, which is the basic raw material, kept on increasing during 1st half and then nosedived to its' lowest level in third quarter and after a period of volatility became stable in the last quarter.

#### PLASTICS DIVISION

Performance of Plastic Division in Physical terms especially in Valerex 200 and Valerex 20 had shown sizeable improvement during last two months of the financial year after a sudden slump in sales during third quarter. This gave an indication that at least in domestic market the impact of global recession was reversing. In case of Blow Moulded Products and Smart Pack Division (Pails) the operations were strategically restricted to limited niche and high value customers only. During the year Production of all products were partially disrupted due to work on capacity expansion of Valerex 20 and Valerex 200 being carried out simultaneously. Product-wise performance is dealt with below:

#### V20

The demand for this product continued to grow except for sudden drop in local demand during third quarter with the additional demand forthcoming both from the existing customers as also new customers and new segments. Although production remained at the same level as last year, sales improved by 10%. The sales in value term increased from Rs.1575 Lac to Rs.1861 Lac i.e., an improvement of 18% over the previous year.

#### V200

The performance of this product in physical terms in spite of slump in sales during third quarter remained more or less at last year's level due to remarkable recovery during last two months of the financial year. The Company has attained highest ever production and sales during last two months and the trend continues. The sales during the year in value terms increased primarily on account of high selling prices from Rs.3607 Lac in previous year to Rs.3863 Lac representing an increase of 7%. With the trend of increased demand continuing in current year and additional capacity being fully utilized the next year's performance is expected to be better.

#### BLOW MOULDING

With the addition to production capacity after commissioning of one more Blow Moulding Machine in March, 09, and addition of new customers this product line showed a modest growth. The Company strategically preferred to restrict the production to only high value segments and serve niche customers rather than compete in low margin areas. The sales revenue increased from Rs.353 Lac to Rs.464 Lac.

#### PAIL

The production and sales of this product was downsized strategically and was restricted to very few niche customers and thereby cut down on fixed cost and improve overall profitability rather than compete for volume with suppliers with thin margins.

#### PLASTIC CONTAINER DIVISION - CHENNAI

During the current financial year under report both production and sales from this unit has shown marked improvement. However constant increase in polymer prices and other consumable costs, high power cost due to sharp power cuts and inability to pass on the entire increase in cost to customers due to cut throat competition have resulted in loss of Rs.145 Lac.



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### CLARIFICATION ON AUDIT REPORT

The statutory auditors in their report to the members at point no.17 have mentioned about the short term funds to the extent of Rs.1953.73 Lac being used for Long term purposes as at 31st March, 2009.

As mentioned in the last report the Company had received an advance of Rs.1439 Lac from Hindustan Petroleum Corporation Limited ("HPCL") towards sale of Chembur Land on signing of Record of Understanding in August' 07. Pending the execution of formal sale agreement this advance is being reflected as "Sundry Creditors" under the head 'Current Liability' in financial accounts as at Balance Sheet date. This amount was utilized for meeting expenses towards shifting of Closure Division to Turbhe and capacity expansion of Closure Division. Similarly Capital expenditure to the tune of Rs.702.83 Lac arising due to capitalisation of assets also reflected as "Sundry Creditors" under the head "Current Liability" as on Balance sheet date. These two factors are the reasons for note in Auditors Report.

### SHIFTING OF CLOSURE DIVISION

As informed to the members at the last annual general meeting the Steel Drum Closure Division has been shifted to a new location at MIDC Turbhe in August, 2008. This division has become fully operational at new location from October'08. Simultaneous to the shifting, the Company has also completed capacity expansion of this Division. The capacity of this Division after expansion stands increased from 18 million sets to 35 million sets on three shift basis.

The sale transaction with Hindustan Petroleum Corporation Limited (HPCL) could not be completed before 31st March, 2009 due to procedural constraints. However the sale transaction is completed on 29th April, 2009 with physical possession of vacant property being handed over to HPCL and balance sales consideration of Rs.1323 Lac has been received from HPCL. Similarly transfer of the leasehold land at MIDC Turbhe, Navi Mumbai from Balmer Lawrie & Co. Ltd., was completed and a Tripartite Agreement between the Company, Balmer Lawrie & Co. Ltd., and MIDC was signed on 22nd April, 2009. With this the process of purchase and sale started in 2007-08 is completed.

After Expansion the Capacity of Closure Division is increased from 18 Mn Sets as at present to 35 Mn Sets as earlier stated. At Plastic Container Division at Mumbai the production capacity in nos. of Valerex 20 and Valerex 200 have increased from 135000 and 40000 as at present to 175000 and 80000 respectively.

Consequent to shifting of Closure Division from Chembur to MIDC Turbhe the Registered Office of the Company has been shifted from L.U. Gadkari Marg, Mahul, Chembur, Mumbai - 400 074 to D-195/2, TTC Industrial Area, MIDC Turbhe, Navi Mumbai- 400 705 with effect from 15th July, 2008.

### DE-LISTING:

At the last Annual General meeting of the Company held on 30th September, 2008 it was informed that the shares of the Company were de-listed by Mumbai Stock exchange w.e.f. 4th March, 2008. In terms of stipulation in Securities and Exchange Board of India (SEBI) (Delisting of Securities) Guidelines, 2003 to allow a further period of six months for remaining shareholders to tender the securities at the same price, the promoters had continued to accept shares surrendered till 25th September, 2008 at the determined price of Rs.70 per share.

At the request of some of the shareholder the said statutory period of six month was further extended by a period of two months. At the end of the offer period the promoter acquired 2362598 Equity shares representing 15% of the total shareholding. The Promoter's shareholding in the Company has gone up from 80.24% to 95.24%.

### DIRECTORS

During the year Mr. C. V. Parameswar and Mr. P. V. Narayanan holding office as Independent Directors resigned from the Board and membership of the Audit Committee with effect from 23rd May, 2008 and 6th June, 2008 respectively.

Mr. V. N. Sharma will retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

### SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 212 of the Companies Act, 1956 the Annual Accounts for the period ended March 31, 2009 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 company has achieved net sales income (including other income) of Rs.5042 Lac as against Rs.3676 Lac in previous year and a net profit before tax of Rs.696.69 Lac as against Rs.301.93 in the previous year.

**Since the Equity shares of the Company were not listed on any of the stock exchanges in India as on 31st March, 2009 the Accounting Standard 21 of the Institute of Chartered Accountants of India was not applicable and therefore the Consolidated Financial Statements (by consolidating Subsidiary Companies Financial statements) are not attached herewith.**

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your 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;
- ii] the accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period;
- iii] proper and sufficient care has been taken 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;
- (iv) the annual accounts have been prepared on a going concern basis.

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

The 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 are given in Annexure I which forms 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 furnished.

### FIXED DEPOSITS

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





### SAFETY AND ENVIRONMENT COMPLIANCE

Your company gives utmost importance to the health and safety of its employees. The Company's manufacturing facilities at all locations continued to remain fully compliant with regard to the applicable Environmental Regulations and has obtained all environmental consents such as air, water and hazardous waste authorisation from the respective Pollution Control Boards. The equipments and infrastructure for environmental management were kept operational and met regulatory standards.

### HUMAN RESOURCES

Your Directors wish to place on record their deep appreciation of the sincere and the dedicated teamwork by the employees at all levels to meet the quality, cost and delivery expectations of our customers in a highly competitive and demanding market. Industrial relations at all plants remained cordial and harmonious during the year.

### AUDITORS

M/s. Price Waterhouse, Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment as Statutory Auditors.

### REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSIONS

With de-listing of equity shares of the Company from BSE w.e.f. March 4, 2008 the shares of the Company are no more listed on any Stock Exchanges in India and the terms and conditions of Listing Agreement including Clause 41 of the Listing Agreement on Publication of Un-Audited Financial Results and Clause 49 of the Listing Agreement on Corporate Governance are not applicable to your Company. However as a prudent practise a report on Corporate Governance approved by the Board of Directors and Management Discussions and Analysis report are annexed herewith which forms an integral part of this Report.

### ACKNOWLEDGEMENT

The Board of Directors of your Company place on record their gratitude and would like to thank Shareholders, Bankers, Customers, Suppliers and all others connected with the business of the Company for their support and continued co-operation.

On behalf of the Board of Directors,

Place : Mumbai  
Dated : June 20, 2009

**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, 2009.

### 1. ENERGY CONSERVATION

#### Measures taken and its impact

Replacement of 4 nos. GA-37 Atlas Copco make old screw type air cooled Air Compressors with 2 nos. GA-55 Atlas Copco make water cooled Air Compressors with variable frequency drive which regulates the speed of the motor as per air demand and reduction in consumption of energy therefore.

Use of Hot water Generator fired with LDO in place of Electric Heating system in Plating Plant which has resulted in reducing power consumption per unit of Closures plated due to higher heat efficiency and also saving in fuel cost.

Replacement of Regular Tube lights in Office premises with energy saving CFL tubes.

Replacement of 3 nos. old Reciprocating Compressor Chiller by 1 no. new 110 T Daikin Make Screw type Chiller which is more energy efficient.

### 2. RESEARCH & DEVELOPMENT

Due to prevailing market conditions and utilization of existing human resources for the proposed shifting of Steel Drum Closure Division from Chembur to new location at Turbhe as also capacity expansion of V200 and V20 product lines at Plastic Container Division research or development related activities could not be focussed.

### 3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

As a part of shifting of operation of Steel Drum Closure Division from Chembur to Turbhe and expansion of Steel Drum Closure capacity old Acid Zinc based Electro Plating plant was replaced by higher capacity Alkaline Zinc based Electro Plating plant to achieve uniform zinc coating on closures and reduction in plating cycle time. This has given product a global acceptance.

### 4. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the foreign exchange earning from exports was Rs.2385.87 Lac while the foreign exchange outgo for imports and payments towards other services and expenses was Rs.4528.03 Lac.

# 49th Annual Report 2008 - 2009

## REPORT ON CORPORATE GOVERNANCE

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

The Company aims to observe the highest level of ethics in all its dealings, and conduct its business efficiently to maximize value for its stakeholders in a balanced and accountable manner.

### 2. Board of Directors

#### (a) Composition

The Board of your Company as on 31st March, 2009 comprises of four directors- three non-executive promoter directors [one being a nominee of Royal Packaging Ind. Van Leer B.V., (now renamed as Greif International Holding B.V.) and two others being the nominees of Balmer Lawrie & Co. Ltd.,] and one managing director.

#### (b) The table below gives composition of the Board, and inter-alia nature of directorship, the directorship held by each of the directors in other Companies as member on the Board/Committee of the Board as Chairman/member etc. and no. of shares held by each of the Directors in the Company.

Name of Director	Category	No. of Directorship/Committee Chairmanship/Membership in other Companies			No. of shares held in Co. as on 31st March, 2009
		Directorship*	Chairmanship	Membership**	
Mr. Reinier Hietink @	Chairman- NED	3			Nil
Mr. P. B. Anand Rao	MD	1			Nil
Mr. S. K. Mukherjee	NED	5		3	50
Mr. V. N. Sharma	NED	3			5
Mr. C. V. Parameswar #	NED- (I)	2			Nil
Mr. P. V. Narayanan \$	NED- (I)	2	1		Nil

NED - Non-Executive Director

MD - Managing Director

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

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

@ Nominated by M/s. Greif International Holding B.V. (Foreign Promoter) as Chairman with effect from 9th January, 2008

# Resigned as Director with effect from 23rd May, 2008

\$ Resigned as Director with effect from 6th June, 2008.

#### (c) Board Meetings and Attendance records of each Director

During the Financial Year 2008-09, four Board meetings were held on 22nd May, 2008, 30th September, 2008, 10th December, 2008 and 12th March, 2009

Director	No. of Board Meeting Attended	Attendance at the AGM
Mr. Reinier Hietink	4	Yes
Mr. P. B. Anand Rao	4	Yes
Mr. S. K. Mukherjee	3	Yes
Mr. V. N. Sharma	4	Yes
Mr. C. V. Parameswar	1	No
Mr. P. V. Narayanan	1	No

#### (d) Remuneration of each Director on the Board during the Financial Year 2008-09.

Director	Sitting Fees*	Salary & Perquisites	Commission	Total Remuneration
Mr. Reinier Hietink	NA	NA	NA	0
Mr. P. B. Anand Rao	NA	2058082	NA	2058082
Mr. S. K. Mukherjee	2000**	NA	NA	2000
Mr. V. N. Sharma	2000**	NA	NA	2000
Mr. C. V. Parameswar	4000	NA	NA	4000
Mr. P. V. Narayanan	4000	NA	NA	4000

\* Sitting fees includes payment for attending Board Meeting as also Audit Committee Meetings.

\*\* Paid to M/s. Balmer Lawrie & Co. Ltd.,

### 3. Audit Committee for the year 2008-09

#### i) Composition, No. of Meetings and Attendance

Prior to Delisting the Audit Committee was comprised of 4 Directors namely Mr. C.V. Parameswar, Ms. P. G. Mehta, Mr. P. V. Narayanan (three Independent directors) and Mr. U. R. Kapadia as other member of the Committee.

Post De-listing all Three Non-Executive Independent Directors and Mr. U. R. Kapadia resigned from the Board and the Audit Committee was reconstituted under Section 292 A of the Companies Act, 1956 with Mr. Reinier Hietink as the Chairman and Mr. V. N. Sharma and Mr. P. B. Anand Rao, Managing Director as other Members.

During the year, Audit Committee Meetings were held on 22nd May, 2008, 10th December, 2008 and 12th March, 2009.

The attendance thereof were as under :

Sr. No.	Name of Directors who are / were Members of the Audit Committee during 2008-2009	No. of Meetings attended
1.	Mr. P. V. Narayanan	1
2.	Mr. C. V. Parameswar	1
3.	Mr. Reinier Hietink	2
4.	Mr. V. N. Sharma	2
5.	Mr. P. B. Anand Rao	2

The Internal Auditors and Statutory Auditors are invitees to the meeting. The Company Secretary of the Company acts as the Secretary to the Audit Committee.