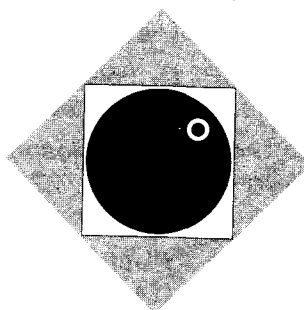


52nd Annual Report



Balmer Lawrie-Van Leer Limited

2011 - 2012

52nd Annual Report 2011 - 2012

Directors	:	Reinier Hietink	Chairman
		Mohan Menon	Managing Director
		S. K. Mukherjee	Resigned w.e.f. 25-06-2011
		V.N. Sharma	Resigned w.e.f. 01-01-2012
		K Subramanyan	Nominated w.e.f. 25-06-2011
		Virendra Sinha	Nominated w.e.f. 01-01-2012
Company Secretary	:	Rajesh Juthani	
Bankers	:	The Hong Kong & Shanghai Banking Corporation Ltd.	
		Bank of India	
		Standard Chartered Bank	
		IndusInd Bank Ltd.	
		Royal Bank of Scotland	
Statutory Auditors	:	M/s. Price Waterhouse	
Internal Auditors	:	M/s. L.B. Jha & Co.	
Registered Office	:	D-195/2, T.T.C. Indl. Area, MIDC Turbhe, Navi Mumbai-400 705.	
		Tel. : 6739 6400 Fax : 6739 6436 E-mail : blvl@bom2.vsnl.net.in	
Works	:	Drum Closure Division:	
		D-195/2, T.T.C. Indl. Area, MIDC Turbhe, Navi Mumbai-400 705.	
		Tel. : 6739 6400 Fax : 6739 6436	
		Plastic Container Division Mumbai:	
		D-195/2, T.T.C. Indl. Area, MIDC Turbhe, Navi Mumbai-400 705.	
		Tel. : 2763 0035-37 Fax : 2763 0038	
		Plastic Container Division Chennai:	
		Village : Janakipuram, Taluk : Madurantakam	
		Dist. : Kancheepuram, Chennai, Tel. : 044-2756 7131 / 7132	
		Plastic Container Division Dehradun:	
		Khasra No. 122, Central Hope Town (Now known as Selakui	
		Industrial Area) Pargana Pachhwa Doon, Dist. Dehradun, Uttarakhand.	
Registrar & Share Transfer Agent:	:	Sharepro Services (India) Pvt. Ltd.	
		13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone	
		Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East),	
		Mumbai - 400 072	
		Tel. : 022-2851 1872/6772 0300/6772 0400, Fax : 2859 1568	

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NOTICE TO MEMBERS

NOTICE is hereby given that the Fifty Second Annual General Meeting of BALMER LAWRIE-VAN LEER LIMITED will be held at the Registered office of the Company at D-195/2, TTC Industrial Area, MIDC Turbhe, Navi Mumbai-400 705 on Wednesday, 29th August, 2012 at 3.30 P.M. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2012 and the Balance Sheet as at that date, together with the Report of the Board of Directors and the Auditors thereon.
2. To declare dividend on Ordinary Shares.
3. To appoint a Director in place of Mr. K. Subramanyan , who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and fix their remuneration.

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

"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Price Waterhouse, Chartered Accountants, 252, Veer Savarkar Marg, Shivaji Park, Mumbai- 400 028 be and are hereby re-appointed as the Statutory Auditor of the Company to hold the office from the conclusion of this Annual General meeting until the conclusion of next Annual General Meeting on a remuneration to be fixed by the Board of Directors in addition to re-imbursement of out of pocket expenses in connection with the audit of the accounts of the Company for the year ending March 31, 2013."

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:
"RESOLVED THAT Mr. Kannan Ananthakrishnan who was appointed as an Additional Director with effect from June 1, 2012 by the Board of Directors at their meeting held on May 15, 2012 pursuant to Article 129 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General meeting and in respect of whom the Company has received a Notice in writing from a Member proposing his candidature for the office of the Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without

modification, the following resolution as Ordinary Resolution:

"RESOLVED THAT Mr. Egbert Jan Boertien who was appointed as an Additional Director with effect from June 1, 2012 by the Board of Directors at their meeting held on May 15, 2012 pursuant to Article 129 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General meeting and in respect of whom the Company has received a Notice in writing from a Member proposing his candidature for the office of the Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to Section 198,269,309,310 read with schedule XIII 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 pursuant to Circular No.46/2011 dated 14th July, 2011 issued by the Ministry of Corporate Affairs, the Consent of the Company be and is hereby accorded to ratify, confirm and approve the proposed increase in remuneration to Mr. Mohan Menon, Managing Director of the Company for the financial year 2011-12 and 2012-13 as detailed in the explanatory statement given hereunder"

"RESOLVED FURTHER THAT in partial modification of earlier resolution passed by the Shareholder of the Company at the 50th Annual General Meeting held on September 30, 2010 and in accordance with the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, due to inadequacy of profits, the remuneration paid/ proposed to be paid to Mr. Mohan Menon for the Financial year 2011-12 and 2012-13 in case exceed the limits prescribed in terms of Section II (1A) of PART II of Schedule XIII of the Companies act, 1956, the consent of the Company be and is hereby accorded to pay to Mr. Mohan Menon such additional remuneration in terms of Section II (1B) of PART II of Schedule XIII of the Companies act, 1956."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY
2. The Proxies to be effective should be deposited at the registered office of the Company not later than 48 hours

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before the commencement of the meeting. A Proxy Form is sent herewith.

3. The Explanatory Statement pursuant to Section 173 of the Companies act, 1956 relating to the Special Businesses to be transacted at the meeting is annexed hereto.
4. The Register of Member and Share Transfer Books of the Company will remain closed from Saturday, the 25th August, 2012 to Wednesday, the 29th August, 2012, both days inclusive.
5. Subject to the provisions of section 206 A of the Companies Act, 1956, the Dividend on Equity Shares as recommended by the Board, if declared at the Annual General Meeting, will be paid on or before 28th September, 2012 to those members whose names appear on the register of Members as on Saturday, the 25th August, 2012. The dividend in respect of shares held in the electronic form, the dividend will be payable to the beneficial owners of the shares as per list provided by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on Friday, 24th August, 2012.
6. Member holding shares in electronic form and who have furnished bank particulars to the Depository Participants will be paid dividend thru National Electronic Clearing Service (NECS) where this facility is available. In other cases the dividend warrant with bank details as furnished by Depository Participants will be posted at the registered address. Any change in address, bank details, nominations, power of attorney etc., is to be intimated to their Depository Participants.
7. Members holding shares in physical form are requested to notify above changes quoting their folio number either to the Company or to the Registrar and Share 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/ 6772 0400)
8. Pursuant to Section 109A of the Companies Act, 1956, Shareholders holding shares in electronic form are requested to file Nomination in Form 2B to their depository and shareholder holding shares in physical form can send the same to Company or Registrar and Share Transfer Agent M/s. Sharepro Services (India) Private Limited at above mentioned address.
9. Members are requested to avail the facility of receiving dividend through National Electronic Clearing Service (NECS) to avoid loss of warrant(s) and undue delay in receipt thereof.
10. Pursuant to the provisions of Section 205A of the Companies Act, 1956 all unpaid/ unclaimed dividend up to and including

the financial year ended on 31st March, 2004 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

11. Pursuant to Section 205 C of the Companies Act, 1956 the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund ("the Fund") and no payments shall be made in respect of any such claims by the Fund. Unclaimed Dividend for the financial year 2004-05 will be due for transfer to the "IEPF" by 30th September, 2012.
12. Members who have either not received or en-cashed dividend warrant(s) for the financial year 2004-05, 2005-06, 2006-07, 2007-08 and 2009-10 are requested to send their warrant(s) for revalidation or claim to the Company or Registrar and Share Transfer Agent M/s. Sharepro Services (India) Private Limited at above mentioned address.
13. The Ministry of Corporate Affairs vide its circular No.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively has undertaken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies. The Circular permits Companies to send soft copies of the notice/documents including Annual Report on e-mail to its members. Members are requested to support this Initiative by registering/updating their e-mail address either with their depository or Registrar and Share Transfer Agent M/s. Sharepro Services (India) Private Limited at abovementioned address.
14. Particulars of Directors seeking re-appointment at the meeting are annexed.
15. Members desiring any information with respect to Accounts are requested to write to the Company Secretary at least ten days before the date of the meeting.
16. Members are requested to kindly bring their copy of Annual Report.

By Order of the Board of Directors

For **Balmer Lawrie-Van Leer Limited**

Place : Mumbai,
Dated: 15th June, 2012.

Rajesh Juthani
Company Secretary

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

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 ("the Act")

Item No. 4:

In terms of Section 224 A of the Act, if not less than 25% of the Subscribed Capital is held either singly or jointly or in combination by Public Financial Institution, Government Companies etc., the appointment or re-appointment of the auditors of that Company has to be made by members by passing a Special Resolution.

In your Company the combined holding of the aforesaid categories of Shareholders exceeds the limit of 25% of Subscribed Capital. It is therefore necessary to pass a Special resolution for re-appointment of Price Waterhouse as auditors of the Company.

Shareholders are further requested to authorize the Board of Directors to fix the remuneration payable to auditors.

Company has obtained a certificate from auditors required under Section 224 (1B) of the Act to the effect that their re-appointment, if made, will be in accordance with the limits prescribed under the said section.

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

Item No.5

Mr. Kannan Ananthakrishnan who was appointed as an Additional Director with effect from June 1, 2012 by the Board of Directors at their meeting held on May 15, 2012 pursuant to Article 129 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting. A notice pursuant to Section 257 of the Act has been received from a Member together with requisite deposit signifying the intention to propose Mr. Kannan Ananthakrishnan as a Director.

Mr. Kannan Ananthakrishnan may be deemed to be concerned or interested in the Resolution as it relates to his appointment. None of the other Directors of the Company are concerned or interested in the resolution.

Your Directors recommends the resolution for approval by the members.

Item No.6

Mr. Egbert Jan Boertien who was appointed as an Additional Director with effect from June 1, 2012 by the Board of Directors at their meeting held on May 15, 2012 pursuant to Article 129 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting. A notice pursuant to Section 257 of the Act has been received from a Member together with requisite deposit signifying the intention to propose Mr. Egbert Jan Boertien as a Director.

Mr. Egbert Jan Boertien may be deemed to be concerned or interested in the Resolution as it relates to his appointment. None of the other Directors of the Company are concerned or interested in the resolution.

Your Directors recommends the resolution for approval by the members.

Item No. 7

In terms of the Special Resolution passed by the Shareholders at the Annual General Meeting of the Company held on September 30, 2010, in the event of loss or inadequacy of profits in any financial year during the tenure of appointment, Mr. Mohan Menon, the Managing Director was to be paid remuneration within the limits as prescribed in Part II Section II of Schedule XIII of the Companies act, 1956. Vide same resolution the Board of Directors were also authorized to alter the terms and conditions of appointment including granting annual increment w.e.f. 1st April, 2011.

Remuneration Committee of Board of Directors at their meeting held on 23rd March, 2012 has approved increase in basic salary payable to Mr. Mohan Menon from Rs.95,000/- to Rs.1,20,000/- per month with other consequential benefits effective from 1st April, 2011. However due to inadequacy of profits, the Company continued to pay remuneration based on old Basic Salary of Rs.95,000/- and has not paid any amount towards annual increment and/or consequential benefits even though approved by the Remuneration committee. The remuneration paid during the financial year 2011-12 falls within limit of Rs.1,75,000/- as per Part II Section II (1A) of Schedule XIII of the Act. The details of payment made to Managing Director for the financial year 2011-12 is as under:

Remuneration Paid (excluding contribution to PF & SAF)	: Rs. 20,53,836
Limit as per Part-II Section II (A) of Schedule XIII	: Rs. 21,00,000
Total remuneration permissible under the Act	: Rs. 21,31,077
Arrears of Remuneration for 2011-12 proposed to be paid	: Rs. 5,41,000

In partial modification of the resolution passed by the Shareholders on September 30, 2011, approval of the Shareholders is sought to ratify and permit (1) the payment of arrears for financial year 2011-12 to Mr. Mohan Menon after giving effect of annual increment as approved by the Remuneration Committee and (2) the payment of such further increment to which Mr. Mohan Menon is entitled and due from April 1, 2012 as may be decided by the Remuneration Committee subject to such remuneration not exceeding the limits prescribed based on effective capital under PART-II, Section-II (1B) of Schedule XIII of the Companies Act, 1956.

General Information as required under Part II Section-II (1B) of Schedule XIII of the Companies Act, 1956

Nature of Industry:

Rigid Industrial Packaging

Date or expected date of Commencement of Commercial Production:

A running Company

In case of New Companies, expected date of commencement of activities as per project approved by financial institutions appearing in prospectus:

Not Applicable

Financial performance based on given indicators:

The financial year 2011-12 was a challenging year both for Global

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and Indian economy. Slowing growth rate in Advanced Economies during 2011-12 has led to lower growth rates in Emerging and Developing Economies too. Uncertainty over implementation of austerity measures in affected countries in the Euro zone poses a potential threat and leading Rating Agencies have already downgraded the credit rating of premier financial institutions and banks globally. This had its impact on Indian economy too. GDP growth rate in India is estimated to be around 6.5% in 2011-12 as against 8.4 % in previous year. Last few quarters have shown consistent downtrend. The industrial growth in India has decelerated to about 3% in 2011-12 as compared to 8.2% in 2010-11. Slow down in Foreign Direct investments and negative Balance of Payment is putting pressure on the Rupee which has touched a historic low against many of the Currencies.

In the backdrop of prevailing situations, your Company also faced slowdown in exports sales, rising input costs putting pressure on margins. Even though Company's Total Revenue for the year ended March 31, 2012 grew by 7% from Rs.17761.47 Lac in previous year to Rs.19079.36 Lac, rising input costs, higher interest rates, impact of high inflation on other costs and sudden depreciation of INR versus USD had a severe effect on margins. Net Profit before tax was lower at Rs. Rs.384.61 Lac as against Rs.719.09 Lac in the previous year. Similarly Profit after Tax was at Rs. 228.37 Lac as against Rs.623.42.

Export Performance and net foreign exchange collaborations:

Exports for the Year ended March 31, 2012 was Rs.4096.25 Lac

Foreign Investments or Collaborators, if any:

M/s. Greif International Holding B.V. holds 55.12% of the Total Shareholding in the Company.

INFORMATION ABOUT THE APPOINTEE

Background details:

Mr. Mohan Menon is a Graduate Engineer in Metallurgy and Master Degree in Management from J.B.I.M.S, Mumbai having experience of more than 30 years. Mr. Mohan Menon has worked with the Company in various capacity and departments and was CEO prior to his appointment as Managing Director w.e.f. 1st October, 2010.

Past remuneration:

Basic Salary of Rs.95,000/- per month with consequential benefits w.e.f. 1st October, 2010.

Recognition or awards: None

Job Profile and his suitability:

Responsible for day to day management, overseeing overall operations and performance of the Company.

Remuneration proposed:

Basic Salary of Rs.1,20,000/- per month with consequential benefits w.e.f. 1st April, 2011.

Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Very Modest

Pecuniary relationship directly or indirectly with the Company or

relationship with the managerial personnel, if any:

None

OTHER INFORMATION

Reasons for Loss or inadequacy of profits:

Some of the major reasons for lower profits or inadequate profits are:

Reduction in exports due to global uncertainties and economic slowdown in India

High commodity prices and high inflation

High interest costs

Exchange loss resulted from sharp depreciation of Rupee against USD during second half of 2011-12

Extensive use of DG Sets for production at Chennai due to acute shortage of power and non availability of continuous power during four summer months resulted in operational loss.

Steps taken or proposed to be taken for improvement:

Some of the steps taken to improve the performance are as under:

Improve operational efficiency to achieve higher output per employee

Reduce all wasteful expenditures and exercise strict control on costs.

Improve working capital cycle by speeding up of collection, reducing inventory level and improving credit period from vendors.

Hedge the exchange risk by taking forward covers at regular intervals

Increased selling price especially in cases where customers required delivery at short notice.

Expected increase in productivity and profits in measurable terms:

Company has witnessed improvement in operational efficiency and productivity especially at Drum Closure and Plastic Container Unit at Mumbai during 1st quarter of the Current year. Steel Drum Closure Division has also seen improvement in flow of export orders.

Steps taken as mentioned earlier with improvement in production will have positive impact on revenue and earnings of current year.

Any further change in remuneration will be informed to the members as and when effected.

Details of remuneration paid to Directors is given in Corporate Governance Report annexed to Directors' Report forming part of the Annual Report

Pursuant to Circular No.46/2011 dated 14th July, 2011 issued by the Ministry of Corporate Affairs, Board of Directors recommends passing of resolution at item No.7 as Special resolution.

None of the Directors except Mr. Mohan Menon, Managing Director are concerned or interested in this resolution.

By Order of the Board of Directors

For **Balmer Lawrie-Van Leer Limited**

Place: Mumbai,

Dated: 15th June, 2012.

Rajesh Juthani

Company Secretary



Details of Directors seeking re-appointment at the forth coming Annual General Meeting

Name of the Director	K. Ananthakrishnan	E.J. Boertien	K. Subramanyan
Date of Birth	May 5, 1965	September 19, 1966	November 17, 1952
Date of Appointment	June 1, 2012	June 1, 2012	June 25, 2011
Education Qualification	B.S.C, ACS, CPA	B.Com, ACA, Master in 'Information Science'	B.Com, ACA
Experience (in no. of Years)	23 Years	22 Years	33 Years
Experience in specific areas	Strategic Planning, Finance, Accounts and General Management	Finance, Accounts, Planning, Supply Chain Management	Finance, Accounts, Taxation, General Management
Details of shares held in Co.	Nil	Nil	Nil
List of Companies in which Outside Directorship is held as on March 31, 2012	None	Proseal China Quigdao	Balmer Lawrie & Co. Ltd. Transafe Services Ltd. Balmer Lawrie(UK)Ltd. Balmer Lawrie Investments Ltd. B.L Hind Terminals Pvt. Ltd.
Chairman/ Member of the Committees of other Cos. On which he is a Director As on March 31, 2012	Audit Committee None	Audit Committee None	Audit Committee Balmer Lawrie Investments Ltd. Transafe Services Ltd.
	Shareholder's & Investor Grievance Committee None	Shareholder's & Investor Grievance Committee None	Shareholder's & Investor Grievance Committee Balmer Lawrie Investments Ltd.

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DIRECTORS' REPORT

(Including Report on Management Discussion & Analysis)

TO THE MEMBERS OF BALMER LAWRIE-VAN LEER LIMITED

Your Directors have pleasure in presenting the 52nd Annual Report of the Company and Audited Financial Statements for the year ended March 31, 2012.

FINANCIAL PERFORMANCE:

Rs. In Lacs		
Particulars	2011-12	2010-11
Gross Sales	20349.16	18538.74
Excise Duty	1456.41	1362.03
Net Sales	18892.75	17176.70
Other Income	186.61	584.76
Total Income	19079.36	17761.47
Profit before Finance cost, Depreciation and Tax	1731.77	2257.29
Finance Costs	630.31	550.50
Depreciation	716.85	706.54
Profit before Tax	384.61	1000.25
Provision for Tax	156.24	95.67
Profit after Tax	228.37	904.58
Balance of Profit brought forward from previous year	3520.76	2615.44
Prior period adjustment	—	0.74
Amount available for appropriation	3749.13	3520.76
Appropriations		
Transfer to General Reserve	5.71	—
Proposed Dividend	189.03	—
Tax on Dividend	30.66	—
Balance of Profit carried forward	3523.73	3520.76

DIVIDEND

The Board of Directors has recommended a dividend of 12% or Rs.1.20 per Equity share for the year ended March 31, 2012.

COMPANY PERFORMANCE

Global uncertainties during fiscal 2011-12, lead to a general slowdown in the Indian economy with an adverse impact on exports in particular. In spite of depressed business conditions, your Company's Total Revenue for the year ended March 31, 2012 grew by 7% from Rs.17761.47 Lac in previous year to Rs.19079.36 Lac. However rising input costs, higher interest rates, impact of high inflation on other costs and sudden depreciation of INR versus USD had a sever effect on margins. Operating Profit (Profit before interest, depreciation and tax) was lower at Rs.1731.77 Lac as against Rs. 1976.13 Lac (excluding income of Rs.281.16 Lac from exceptional item) in the previous year. Profit after Tax was lower at Rs.228.37 Lac as against Rs.623.42 Lac (excluding income of Rs.281.16 Lac from exceptional item) in the previous year. During this difficult year the Company focussed on productivity

improvement and keeping costs under control which immensely helped to achieve higher production in Plastic Container Divisions at Mumbai and Dehradun.

STEEL DRUM CLOSURES-Mumbai

Robust domestic demand helped to compensate for the reduction in exports due to the economic slowdown in US and financial crisis in Euro zone. The Steel Drum Closure Division could post marginal increase in Total Income at Rs.6558.81 Lac as compared to Rs.6242.33 Lac. However Profit before Tax was lower at Rs.248.11 Lac as against Rs.359.39 Lac in previous year.

PLASTIC CONTAINER DIVISION-Mumbai

Sales revenue from Plastic Container Division, Mumbai was marginally higher in spite of part of Sales volume having shifted to plant at Dehradun. Total Income of this division was Rs.9618.44 Lac as compared to Rs.9006.09 Lac in previous year. Although the Company could pass on the increase in cost of polymer to the customers, the Profit before Tax was lower at Rs.291.60 Lac as against Rs.533.74 Lac in previous year. The lower profit was mainly due to increase in power costs, finance costs and exchange loss arising out of sudden and sharp depreciation of Rupee against USD during second half of the year.

PLASTIC CONTAINER DIVISION-Chennai

Operations at Chennai were adversely impacted due to acute shortage of power. Non supply of requisite power during second half of the 2011-12 forced extensive use of DG set for production to meet the needs of regular customers at the cost of profitability. The planned introduction of Valerex 200 drums from Chennai was also affected due to power crunch. All these factors along with high interest cost, exchange loss due to sudden depreciation of Rupee in second half of the year and delay in commissioning of the Valerex 200 product line resulted in restriction of Total Income at Rs. 2062.06 Lac as compared to Rs. 2090.52 Lac in previous year and a loss of Rs.162.86 Lac as against loss of Rs.21.52 Lac in previous year.

PLASTIC CONTAINER DIVISION-Dehradun

In spite of regular power interruption and adverse climatic conditions affecting production, Operations at Dehradun made a remarkable progress during the year 2011-12 with substantial improvement in Sales volume. Total Income from this Division was at Rs.840.05 Lac as compared to Rs.141.37 Lac in previous year. Division achieved a marginal profit of Rs.7.76 Lac as against loss of Rs.152.52 Lac in the previous year.

CLARIFICATION ON AUDIT REPORT

The Company had made a strategic investment by acquiring 11,361,999 Equity shares of Transafe Services Limited (TSL) in 2009 by availing 100% loan from Balmer Lawrie & Co. Limited (BL). Subsequent to this investment, TSL has reported losses during last three financial years. Consequent to these losses and erosion of net worth, the value of investment held by the Company has also reduced. As per Statutory Auditors, the Company should make provision in Accounts to the extent of diminution in value of investments in compliance with the Accounting Standard 13- "Accounting for Investment".

The Company believes that TSL has excellent business potential



and a sound business model. With the initiative, pragmatic approach of TSL's present management team, support from joint venture partners and improvement in business climate, TSL is expected to improve its performance and likely to yield good returns on the Company's investment in TSL.

Further the Company is of the view that the Company's financials are protected even in the unlikely event of net worth of TSL being not restored as clause 1.3 of the Loan Agreement dated July 31, 2009 executed between Company as "Borrower" and Balmer Lawrie & Co.Ltd. (BL) as "Lenders" confirms that erosion in value of investment will have no financial impact on the Company.

As a matter of precaution and confirmation, the Company has obtained a legal opinion from a reputed firm of solicitors and Advocates on operation and impact of clause 1.3 of the Loan Agreement. It was opined that the loan availed by the Company from BL is a non recourse loan and in case the Company fails to repay the loan at the end of stipulated tenure of 60 month, the loan liability of the Company ceases on transferring the shares of TSL so acquired with the loan from BL. On transfer of shares neither the Company nor BL shall have any further claims on the other.

The Company has paid interest on loan to BL for the period upto 31st March, 2010. Interest for the financial year 2010-11 which had become due for payment on 30th September, 2011 is yet to be paid. Interest for financial year 2011-12 will be due for payment on 30th September, 2012. The Company has requested BL to defer the payment of interest on loan advanced by them till the investment in TSL starts yielding positive returns to the Company.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 212 of the Companies Act, 1956 the Annual Accounts for the period ended 31 March, 2012 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 has reported Total Income of Rs.5404.06 Lac as against Rs.5700.18 Lac in previous year and a Profit before Tax of Rs.588.13 as against Rs. 493.76 Lac in the previous year.

Since the Equity shares of the Company are not listed on any of the stock exchanges in India as on 31st March, 2012 the Accounting Standard- 21 of the Institute of Chartered Accountants of India is not applicable and the Consolidated Financial Statements therefore are not attached herewith.

GLOBAL AND INDIAN ECONOMIC SCENARIO

The financial year 2011-12 was a challenging year both for Global and Indian economy. Slowing growth rate in Advanced Economies during 2011-12 has led to lower growth rates in Emerging and Developing Economies too. Uncertainty over implementation of austerity measures in affected countries in the Euro zone poses a potential threat and leading Rating Agencies have already downgraded the credit rating of premier financial institutions and banks globally. This had its impact on Indian economy too. GDP growth rate in India is estimated to be around 6.5% in 2011-12 as against 8.4% in previous year. Last few quarters have shown consistent downtrend. The industrial growth in India has decelerated to about 3% in 2011-12 as compared to 8.2% in 2010-11. Slow down in Foreign Direct investments and negative Balance of Payment is putting pressure on the Rupee which has touched a historic low against many of the Currencies.

In the backdrop of prevailing situations, your Company also faced slowdown in exports sales, rising input costs putting pressure on margins.

OPPORTUNITIES AND THREATS

"Tri-sure" make Steel drum Closures is a brand recognised world over. Many of the large users of steel drums in India categorically specify the use of "Tri-sure" Closures as pre-condition on all drums procured by them. The Company expects to retain the dominant position in the domestic market and continue to reap benefits of organic and expansionary growth of these sectors and Customers.

The Company's "Valerex" brand drums with its aesthetic appearance and the best possible strength to weight ratio is still a preferred premium packaging in various segments like Lubricants, Food, Construction and other Speciality Chemicals.

THREAT

Spread of Euro zone crisis to more Euro countries can be detrimental to exports and can pose a serious challenge to sustainability of Steel Drum Closures Business due to under utilization of capacities.

The proliferate growth in the number of competitors especially in large sized Blow moulded drums is a threat to value addition which can only be compensated by higher volumes, improved efficiency and better customer service.

RISKS & CONCERNS

INDUSTRY RISK

General economic conditions

Steel Drum Closures business is primarily dependent on exports and any further deterioration from present economic conditions, shrinkage of growth in advanced economies and spread of financial crisis to more euro member countries will mean reduction in exports and underutilization of capacities.

High interest cost, Exchange rate fluctuations and further depreciation of Rupee versus USD can have negative impact on performance of your Company.

High commodity prices and high inflation can also impact costs and performance of your company.

Company Specific Risks

The Company specific risks remain by and large the same as enumerated last year. These are:

Significant dependence on Promoters and few large Customers for Steel Drum Closures. Any adverse development relating to their business can affect fortunes of your Company.

Sizeable capacity additions especially in Blow Moulded Plastic Drum Segment both by existing players and new entrant can lead to erosion of market share, intense price competition and pressure on margins.

Acute shortage of power in Tamil Nadu and Uttarakhand where your Company has Plastic Divisions can have impact on performance of your company and overall margins.

Exposure to fluctuations in currency and interest rate risks.

Risk Mitigation Initiatives

Transactions in foreign currency are hedged suitably by booking forwards or taking position in Currency futures on National Stock

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Exchange. Foreign Currency exposure is reviewed by Directors at each Board meeting

Company is exploring the possibility of using solar energy for certain applications.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

Industrial relations at all the plants have remained cordial throughout the year.

The primary focus of IR during the current year will continue to be on engaging, motivating and improving the productivity of workmen and employees at all levels

The Company aims to provide career development and growth opportunities to all potential employees based on managerial and technical capabilities aligned with their career aspirations. Employees are encouraged to broaden their horizon and improve their deliverable capabilities.

The Company has performance based variable pay scheme with weightage on individual, team and divisional performance.

SAFETY HEALTH AND ENVIRONMENT

Safety, Health and environment protection continues to be a major focus area for your Company in all its operations across the organization.

The Company is committed to establishing and maintaining a safe working environment while complying with all environmental standards and legislations.

All the manufacturing units continue to be fully compliant with applicable local environmental regulations and have necessary consent for emission of effluents and disposal of hazardous wastes.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

Based on the nature of the business and size of the operations, the Company has in place adequate system of internal control and documented procedures covering all financial and operating functions. These controls have been designed to provide for

- Accurate recording of transactions with internal checks
- Safeguarding of assets from unauthorized use or loss
- Compliance with applicable statutes/legislations
- Efficiency of operations

Board reviews annual performance and Capital Expenditure Budget for all operating plants and service functions and actual performance is monitored.

An external audit firm M/s. L.B. Jha & Co., Chartered Accountants, carries out periodical audits at all plants and of all functions and report deviations from laid down procedures. Report also brings out degree of risks associated and recommendations to strengthen the business processes. The respective HODs and Unit Heads review the observations arising out of the audit in the first instance. Audit Committee consisting of Board members reviews the highlight of this Report having comments from HODs and Unit Heads on compliance and/or corrective action planned along with 'Action Taken Report'.

PUBLIC DEPOSITS

The Company has not accepted any fixed deposits from public within the meaning of Section 58A of the Companies Act, 1956. There are no unclaimed deposits.

CREDIT RATING

During the current financial year ICRA Limited has maintained Company's Short term rating to A2+ (pronounced as ICRA A two plus) and Long term ratings to LA- (pronounced as ICRA A minus)

DIRECTORS

During the year Balmer Lawrie & Co. Limited, a promoter Company withdrew the nomination of Mr. S.K. Mukherjee and Mr. V. N. Sharma and nominated Mr. K. Subramanyan and Mr. Virendra Sinha in their place with effect from 25th June, 2011 and 1st January, 2012 respectively.

Both Mr. S.K. Mukherjee and Mr. V.N. Sharma, have been associated as members of the Board for many years and they immensely contributed to the quality of deliberations and various decisions and in shaping the healthy relation among Joint Venture partners. Your Board acknowledges with gratitude their contribution for growth of the Company.

M/s. Greif International Holding B.V. has nominated Mr. Kannan Ananthakrishnan and Mr. Egbert Jan Boertien as their representative on the Board with effect from 1st June, 2012.

Mr. Kannan Ananthakrishnan and Mr. Egbert Jan Boertien who have been appointed as Additional Directors w.e.f. 1st June, 2012, pursuant to section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company, holds office until the conclusion of this Annual General meeting. Mr. Kannan Ananthakrishnan and Mr. Egbert Jan Boertien being eligible offer themselves for re-appointment.

In accordance with the provisions of the Companies act, 1956 and Articles of Association of the Company, Mr. K. Subramanyan retires by rotation at the ensuing Annual General meeting and is eligible for re-appointment.

STATUTORY AUDITORS

M/s. Price Waterhouse, Chartered Accountants, will retire as auditors of the Company at the ensuing Annual General meeting and are eligible for re-appointment.

COST AUDITOR

Pursuant to the directives of the Central Government vide Notification No. F-52/26/CAB-2010 DATED 24th January, 2012 issued by Ministry of Corporate Affairs, the Company has appointed Mr. Joshi Apte & Associates, Cost Accountants to issue Certificate of Compliance for F.Y.2011-12 and conduct Cost audits for F.Y.2012-13.

PARTICULARS OF EMPLOYEES

None of the Employees of the Company are drawing remuneration in excess of limits specified under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

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

Information required under section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is given as annexure to this Report

CORPORATE GOVERNANCE

The Equity Shares of your Company are not listed on any stock exchanges in India and therefore Clause 41 of the Listing Agreement regarding Publication of Un-Audited Financial Results and Clause