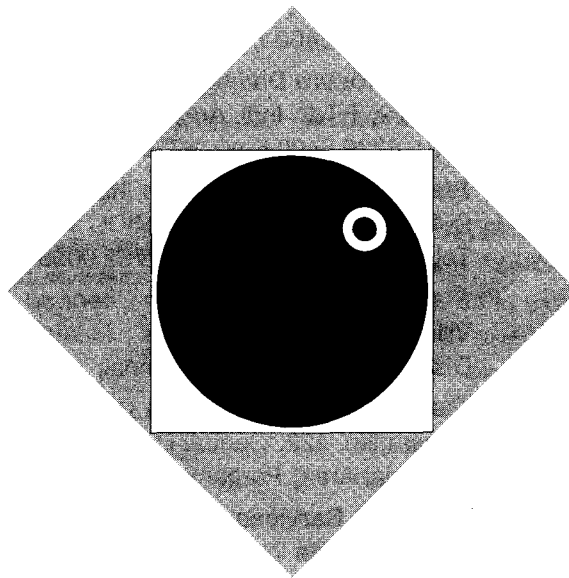


53rd Annual Report

2012 - 2013



Balmer Lawrie-Van Leer Limited

53rd Annual Report 2012 - 2013

Directors	:	Reinier Hietink	Chairman
		Mohan Menon	Managing Director
		Virendra Sinha	Director
		Anand Dayal	Director
		Egbert Jan Boertien	Director
		Kannan Ananthakrishnan	Director
Company Secretary	:	Rajesh Juthani	
Bankers	:	The Hong Kong & Shanghai Banking Corporation Ltd.	
		Bank of India	
		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 Third 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 Thursday, September 12th, 2013 at 3.30 P.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2013 and the Balance Sheet as at that date, together with the Report of the board of Directors and the Auditors thereon.
2. To declare a dividend on Ordinary Shares.
3. To appoint a Director in place of Mr. Virendra Sinha who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Egbert Jan Boertien who retires by rotation and being eligible offers himself for re-appointment.
5. 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. Walker, Chandiok & Co, Chartered Accountants be and are hereby appointed as the Auditors of the Company in place of retiring Auditors M/s. Price Water House, to hold the office from the conclusion of ensuing 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 all out of pocket expenses in connection with the audit of the accounts of the Company for the year ending March 31, 2014."

SPECIAL BUSINESS:

6. 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 Sections 198, 269, 309, 310 read with Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory amendment or modification thereto) and pursuant to Circular No. 46/2011 dated 14th July 2011 issued by the Ministry of Corporate Affairs and subject to the approval of the Central Government if necessary, the consent of the Company be and is hereby accorded for extension of appointment of Mr. Mohan Menon, the Managing

Director by a further period of fifteen months with effect from 1st October, 2013 upon such terms and conditions as may be agreed upon by and between the Board of Director and Mr. Mohan Menon with an authority to Remuneration Committee and Board of Directors to approve annual increment effective from April 1st, 2013 and April 1st, 2014 and to alter and vary the terms and conditions of the the appointment/re-appointment provided such alteration/variation shall be within the limits specified in Schedule XIII to the Act or any amendments thereto from time to time."

"RESOLVED FURTHER THAT in the event of any absence or inadequacy of profits during the tenure of his appointment (including extension thereof), the remuneration as mentioned in the agreement entered/ to be entered into between the Managing Director and the Company shall be considered as minimum remuneration payable to the Managing Director".

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 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 7th September, 2013 to Thursday, the 12th September, 2013, 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 12th October, 2013 to those members whose names appear on the register of Members as on Saturday, the 7th September, 2013. 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, 6th September, 2013.
6. Member holding shares in electronic form and who have furnished bank particulars to the Depository Participants will

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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. Share Pro 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 are requested to file Nomination in Form 2B to their depository and shareholders holding shares in physical form can send the same to Company or Registrar and Share Transfer Agent M/s. Share Pro 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, 2005 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 2005-06 will be due for transfer to IEPF by 27.10.2013.
12. Members who have either not received or an en-cashed dividend warrant(s) for the financial year 2005-06, 2006-07, 2007-08, 2009-10 and 2011-12 are requested to send their warrant(s) for revalidation or claim immediately to the Company or Registrar and Share Transfer Agent M/s. Share Pro 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. Share Pro 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: 5th July, 2013.

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. 5

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 case of 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 appointment of M/s. Walker, Chandio & Co, Chartered Accountants as auditors of the Company in place of retiring auditors M/s. Price Waterhouse.

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 of the Act to the effect that their 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 the appointment of M/s. Walker, Chandio & Co, Chartered Accountants as auditors.

Item No. 6

Mr. Mohan Menon was appointed as the Managing Director of the Company for a period of three years with effect from 1st October, 2010 on a monthly basic remuneration of Rs. 95, 000/- per month. The appointment was approved by the members by passing a Special Resolution at the Annual General Meeting held on 30th September, 2010. The resolution also provided for authority to the Board to grant annual increment with effect from 1st April, 2011 and the said remuneration is to be considered as minimum remuneration for the year in the event of absence or inadequacy of profit.

Due to inadequacy of profits during the year 2011-12 and 2012-13 the additional remuneration and the annual increments for these years were paid to Mr. Mohan Menon in terms of Section II (1B) of Part II of Schedule XIII of the Companies Act, 1956 with the approval of members by passing Special Resolution (pursuant to Circular No.46/2011 dated 14th July, 2011 issued by Ministry of Corporate Affairs) at the Annual General Meeting held on 29th August, 2012. In terms of Approval by members Mr. Mohan Menon was paid basic salary of Rs. 1, 20,000/- per month effective 1st April, 2011 and Rs.1,38,000/- effective 1st April, 2012 with other consequential benefits.

As per the terms of appointment Mr. Mohan Menon, is eligible for annual increment effective 1st April, 2013. The Board of Directors at meeting held on 5th July, 2013 has decided to extend the Appointment Mr. Mohan Menon by the further period of 15 (fifteen months) with effect from 1st October, 2013. Accordingly Mr. Mohan Menon will be further eligible for annual increment from 1st April, 2014.

However due to uncertain business conditions, likely erosion of margins due to competitive markets and unfavorable exchange rates, the net profits for the financial year 2013-14 may or may not be adequate and the total remuneration (including annual

increments) paid/proposed to be paid to Mr. Mohan Menon may exceed the limit of 5% as set in Section I of Part II of Schedule XIII of the Companies Act, 1956.

In current year the Company has continued to pay remuneration at old Basic Salary of Rs. 1,38,000/- and has not paid any amount towards annual increment and consequential benefits.

Approval of the Shareholders is sought to ratify and permit (1) extension of appointment of Mr. Mohan Menon as Managing Director by a further period of 15 months from 1st October, 2013 i.e. up to December 31st, 2014 (2) the payment of annual increment to Mr. Mohan Menon due from April 1, 2013 and (3) the payment of annual increment which will be due on April 1, 2014 as may be approve by the Remuneration Committee of Board of Directors subject to such remuneration not exceeding the limits prescribed based on effective capital under Section II (1C) of Part II of Schedule XIII of the Companies Act, 1956.

The Company has not made any default in re-payment of any of its debts. Further the Company has not accepted any deposits from Public or issued any debentures.

General Information as required under Part II Section-II (B) of Schedule XIII

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 2012-13 had been a year of slow growth with both developing and emerging economies registering low to moderate growth rate. Global Economy as per IMF estimate is likely to grow at a 3.3% as against earlier forecast of 4.5%. Similarly Indian Economy is expected to grow during 2012-13 at 5% as compared to 6.5% registered during 2011-12.

During the year 2012-13 Company's revenue grew from Rs. 19079.36 Lacs to Rs. 21690.24 Lacs. Net Profit before tax was Rs. Rs. 832.33 Lacs (includes onetime write back of accrued interest of Rs. 294.50 Lacs) as against Rs. 384.61 Lacs in the previous year. Profit after Tax was at Rs. 652.69 Lacs (includes onetime write back of accrued interest of Rs. 294.50 Lacs) as against Rs. 228.37 Lacs in the previous year.

During current year 2013-14 the growth of Indian Economy is expected to be moderate due to uncertainty, high inflation, rising commodity prices, subdued exports, high fiscal deficit and high volatility in exchange rate and sharp depreciation of INR vs. other currencies. This coupled with competitive pricing by competitors can have pressure on margins of the Company.

Export Performance and net foreign exchange collaborations:

Exports for the Year ended March 31, 2013 was Rs. 4222.94 Lacs

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Foreign Investments of Collaborators, if any.

Foreign Partner Greif International Holding B.V holds 47.62 % of the total Equity Shareholding.

INFORMATION ABOUT THE APPOINTEE

Background details:

Mr. Mohan Menon is a Graduate Engineer in Metallurgy with Master Degree in Management from J.B.I.M.S, Mumbai and having a experience of working with the Company for more than 25 years in various capacity and various departments. Mr. Mohan Menon was CEO prior to his appointment as Managing Director w.e.f. 1st October, 2010.

Past remuneration:

Basic Salary of Rs.1, 38,000/- per month with consequential benefits effective from 1st April, 2012.

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:

Annual increment to which Mr. Mohan Menon is entitled effective from April 1, 2013 and April 1, 2014 with consequential benefits as may be approved by the Remuneration Committee subject to limits prescribed under section II(1C) of Part II of Schedule XIII of the Companies Act, 1956.

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 anticipation of Lower profits:

Some of the major reasons for anticipation of lower profits are:

Polymer prices continue to be high and frequent revision in prices by domestic producer make passing of impact to customers difficult.

Higher interest costs due to tightening of Monetary Policy by Reserve Bank of India

Post de-regulation of diesel prices, the prices have increased substantially and are expected to go up further in view of India's

dependence on imports, and unfavorable exchange rate. Frequent increase in transportation costs can have an adverse impact on Company's sales and margin.

Exchange loss due to sharp and unabated depreciation of Rupee since mid May, 2013.

Continuation of power crisis and non availability of adequate power on continuous basis at Chennai and extensive use of DG Sets for production leading to erosion of margins and may result in operational loss.

Steps taken or proposed to be taken for improvement:

Some of the steps taken to improve the performance are:

1. Improve operational efficiency to achieve higher output per employee.
2. Reduce all wasteful expenditures and exercise strict control on costs.
3. Improve working capital cycle by speeding up of collection, reducing inventory level and improving credit period from vendors.
4. Hedge the exchange risk by taking forward covers at regular intervals.
5. Increased selling price especially in cases where customers wanted delivery at short notice.

Expected increase in productivity and profits in measurable terms:

Company has witnessed an improvement in operational efficiency and productivity both in case of Still Drum Closure and Plastic Containers at all locations during 1st quarter of the Current year. The Company in fact achieved highest production and sales of plastic Containers at Mumbai during 1st quarter of the current year. Both production and sales volumes have shown increasing trend progressively and there is adequate demand as on date in domestic and export market.

Steps taken as mentioned earlier with improvement in production may have positive impact on revenue and earnings.

Details of remuneration paid to Directors during the financial year 2012-13 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, Your Board of Directors recommends passing of resolution at item No.6 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: 5th July, 2013.

Rajesh Juthani

Company Secretary

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

Name of the Director	Mr. Virendra Sinha	Mr. Egbert Jan Boertien
Date of Birth	July 13, 1955	September 19, 1966
Date of Appointment	January 1, 2012	June 1, 2012
Education Qualification	B.A, M.B.A	B.Com, ACA, Master in 'Information Science'
Experience (in no. of Years)	32 Years	22 years
Experience in specific areas	General management, Marketing, International Trade	Finance, Accounts, Planning, Supply Chain Management
Details of shares held in Co.	Nil	Nil
List of Companies in which Outside Directorship is held as on March 31, 2013	Balmer Lawrie & Co. Ltd., C.M.D Balmer Lawrie (U.K.) Ltd., N.E.D Balmer Lawrie (UAE) LLC. N.E.D Biecco Lawrie Limited M.D.PT IMANI Balmer Lawrie, Indonesia- Commissioner	Greif Mimaysan Ambalaj Sanayi AS, Turkey Tri-Sure Closures System (Zhenjiang) Co., Ltd., China Tri-Sure Germany, GmbH, Germany Kunststofftechnik Hartmut Muhlhoff GmbH & Co. KG, Germany Tri-Sure Property Holding GmbH, Germany, Tri-Sure Germany property GmbH & Co. KG, Germany Tri-Sure Germany Grundstueckverwaltungs GmbH, Germany Greif Nederland B.V. Netherlands
Chairman/ Member of the Committees of other Cos. On which he is a Director As on March 31, 2013	Audit Committee: Balmer Lawrie & Co. Ltd Biecco Lawrie Limited	Audit Committee: None
	Shareholder's & Investor Grievance Committee: Balmer Lawrie & Co. Ltd.,	Shareholder's & Investor Grievance Committee: None

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DIRECTORS' REPORT

(Including Report on Management Discussion & Analysis)

TO THE MEMBERS OF BALMER LAWRIE-VAN LEER LIMITED

Your Directors are pleased to present 53rd Annual Report of the Company and Audited Financial Statements for the year ended March 31, 2013.

FINANCIAL PERFORMANCE:

Rs. In Lacs

Particulars	2012-13	2011-12
Net Sales/Income	21155.50	18892.75
Total Expenditure	19671.47	17347.58
Operating Profit	1484.03	1545.17
Add: Other Income	534.74	186.61
Profit before Interest, Depreciation and Taxes	2018.77	1731.78
Less: Interest	451.47	630.31
Less: Depreciation	734.97	716.85
Profit before Tax	832.33	384.61
Less: Provision for Tax		
(a) Current Tax	257.00	151.12
(b) Earlier year –Taxes	(10.00)	—
(c) MAT Credit	—	98.77
(d) Deferred Tax	(67.36)	(93.65)
Profit after Tax	652.69	228.37
Add: Balance brought forward from previous year	3523.73	3520.76
Amount available for appropriation	4176.42	3749.13
Appropriations		
Transfer to General Reserve	65.27	5.71
Proposed Dividend	472.56	189.03
Tax on Dividend	76.66	30.66
Balance of Profit carried forward	3561.93	3523.73

DIVIDEND

The Board has recommended a dividend of 30% or Rs.3.00 per Equity share for the year ended March 31, 2013.

ECONOMIC ENVIRONMENT

The economic slow down that began in 2008 persisted and spread to emerging economies and had an adverse impact on India as the country's GDP growth for the year 2012-13 reduced from over 6% to about 5%. The uncertain global outlook resulted in declining exports and lower corporate and government investments. Indications of a slump in demand were evident.

Under these conditions of global and domestic uncertainty your company managed to grow in terms of sales volume and sales value.

COMPANY PERFORMANCE

Your Company's Revenue for the year 2012-13 grew by 12 % from Rs. 18892.75 Lacs in the previous year to Rs. 21155.50 Lacs. Rising input costs, higher interest rates, impact of high inflation and volatility of foreign exchange had a negative impact on margins as Operating Profit was marginally lower at Rs. 1484.03 Lacs as against Rs. 1545.17 Lacs in the previous year. However, savings in finance costs and a write back of interest provision of earlier years resulted in a higher Profit after Tax at Rs. 652.69 Lacs as against Rs. 228.37 Lacs in the previous year. During the year, the Company focused on productivity improvements and efforts to control costs, which helped immensely to achieve higher production at Plastic Container Divisions at Navi Mumbai and Dehradun.

STEEL DRUM CLOSURES-Mumbai

While domestic demand continued to be slack, some improvement in export demand helped to sustain operations at a higher level. Despite the reduction in export benefits, the Steel Drum Closure Division posted a marginal increase in sales at Rs. 6744.82 Lacs as compared to Rs. 6558.81 Lacs and Profit before Tax improved from Rs. 248.11 Lacs to Rs. 274.50 Lacs in the previous year.

PLASTIC CONTAINER DIVISION-Mumbai

Demand remained buoyant and Sales revenue grew from Rs. 9618.44 Lacs to Rs.10812.02 Lacs despite shifting part of the volume to Dehradun operations. However rising commodity prices, increase in power tariff, impact of high inflation on other costs and unfavorable exchange rates had a negative impact on the margins and Profit before Tax was lower at Rs. 219.17 Lacs as against Rs. 291.60 Lacs in the previous year.

PLASTIC CONTAINER DIVISION-Chennai

Sales Income marginally improved at Rs.2235.86 Lacs as compared to Rs. 2062.06 Lacs in the previous year. However, the unit made a loss of Rs.155.80 Lacs as against loss of Rs.162.86 Lacs in the previous year mainly on account of the use of Generators due to acute shortage of power.

PLASTIC CONTAINER DIVISION-Dehradun

Operations at Dehradun registered substantial growth in sales during the year 2012-13. Sales Income from this Division was at Rs. 1136.29 Lacs as compared to Rs. 840.05 Lacs in the previous year. Division achieved profit of Rs. 52.13 Lacs as against Rs.7.76 Lacs 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".

However the Company is of the view that the Company's financial interests 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 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 in past had obtained 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.

Further in terms of Loan Agreement with BL as "Lenders" the Company had made a provision in accounts for interest amounting to Rs. 294.50 Lacs on the said loan for the period up to 31st March 2012. During the year the Company had written to BL expressing its inability to pay interest accrued and due and to accrue any further interest on said loan since the Company did not earn any income from Investment. Accordingly the Company did not accrue interest expense of Rs. 163.61 Lacs for the year ended on 31st March 2013. As per Statutory Auditors the Company should make provision in accounts for interest liability in compliance with Accounting Standard 16-"Borrowing Costs".

Considering the current financial health of TSL, erosion in value of investment and in terms of loan agreement, BL has already classified recovery of said loan from the Company as 'Doubtful' and stopped accruing any further interest in their books. Thus going by the lender's action and spirit of loan agreement, the Company does not foresee any liability or claim from BL either towards the repayment of loan or interest due thereon.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 212 of the Companies Act, 1956 the Annual Accounts for the year ended March 31, 2013 as also Auditors' and Directors' Report 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. 6436.53 Lacs as against Rs. 5404.06 Lacs in the previous year and a Profit before Tax of Rs. 705.28 Lacs as against Rs. 588.13 Lacs in the previous year.

Since the Equity shares of the Company are not listed on any of the stock exchanges in India as on March 31, 2013 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.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company operates in two main segments viz., Steel Drum Closures and Plastic Containers.

Market for Steel Drum Closures is primarily dependent on demand for Steel Drums, which is growing along with the industrial growth. Despite the impact of Global economic crisis, inflationary pressures, monsoon failures and subdued exports, the performance of Steel drum sector and your Company had been impressive.

Despite the depressed market situation overseas especially in the European Union Countries, the FOB value of exports was Rs.4222.94 Lacs, which was marginally higher than the previous year's export value of Rs.4096.25 Lacs.

Indian packaging industry and Plastic Container industry in particular has displayed a robust growth over the last 5 years and is now growing at a faster rate. Plastic Containers, as an alternative to Steel Drum by virtue of cost differential, is preferred and have a wider application base for consumer and industrial applications.

Your Company's product is well accepted in market and the Company continues to be the preferred supplier to most of the large reputed corporates engaged in Lube Oil, Organic and Inorganic Chemicals, Printing Inks, Construction Chemicals, Leather Chemicals, Spice Oil and food and Beverages. During the year the Company achieved highest ever production and sales of large sized drums at Mumbai.

Your Company has initiated to get its manufacturing facility compliant with Global GFSI Standards to meet the specific requirement of Food and Beverage segment.

OUTLOOK, OPPORTUNITIES, THREATS, RISKS AND CONCERNS:

The Global Economy including emerging economies are passing through a phase of severe shrinkage of demand, lack of business confidence, uncertainties, high inflation, increased government borrowings, high fiscal deficits and rising fuel prices.

This does not augur well for the economy of any country and the Indian economy is no exception. The slow down in the manufacturing sector can have an adverse impact on your Company's performance.

OPPORTUNITIES

"Tri-Sure" 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 a pre-condition for 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

Reduction in exports can pose a serious challenge to sustainability of Steel Drum Closures Business due to under utilization of capacities.

The proliferation in growth of 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

The Company sources major raw materials for Steel Drum Closures from domestic producers and does not see much risk in terms of price volatility. However in the case of Plastic Containers the Company predominantly depends on imported polymer. High polymer price coupled with sharp and unabated depreciation of the Indian Rupee can have a severe negative impact on net margin and performance of the Company.

High commodity prices and high inflation can also impact other costs and consequently the overall performance of your company.

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

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

The Company has taken steps to address some of the risks through optimization of operations, widening of Customer base, development of vendors, product innovations to reduce cost of operation and improve profitability. The Company has started hedging transactions involving foreign exchange by booking forwards or utilizing inward remittances for import payments. Foreign Currency exposure is reviewed at each Board meeting

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

Your Company recognizes the importance of a motivated and skilled human resource as a pre requisite of its competitiveness. Your Company endeavors to create a challenging and favorable work environment and follows a policy that enhances employee engagement, encourages entrepreneurial behavior, innovation and drive employees towards business excellence.

Industrial relations continued to be cordial at all locations during the year.

The Company has a performance-based variable pay scheme with weight-age on individual, team, divisional and Company performance.

The Company had 316 permanent employees on its pay roll as on March 31, 2013.

SAFETY HEALTH AND ENVIRONMENT

Safety, Health and environment protection continues to be a key performance indicator and one of the prime drivers of the Company's operating efficiency. The Company is committed to ensuring zero injuries to its employees, contract workforce and the communities in which it operates. The Company is focusing on training and communication to improve safety at the work place across the organization.

Besides periodical in-house reviews and surveillance audits of ISO 9001 by an external agency, the Board reviews the performance against set standard and guides on deficiencies in safety, health and hygiene conditions at workplace.

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

The Company has in place adequate internal Control systems through established processes and procedures set up by the management. Internal control system provides for:

- Reliability and integrity of financial and operational information
- Adherence to applicable Accounting standards
- Compliance with applicable laws, statutes as well as internal procedures and practices
- Safe guard of assets and their proper usage

The Audit Committee of the Board review, inter alia, the adequacy and effectiveness of the internal control systems. The Audit Committee, at their meetings, review the financial statements, operating performance, internal audit and compliance reports and

monitors internal audit recommendations including those relating to strengthening the Company's risk management policies and systems.

The Board approves Capital Expenditure Budget for all operating plants and service functions and reviews quarterly and annual performance as against the budget.

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

PUBLIC DEPOSITS

The Company has not accepted/renewed any fixed deposits from public during the year. There are no unclaimed deposits.

CREDIT RATING

ICRA Limited, a Rating agency has maintained Company's Short term rating to A2+ (pronounced as ICRA A two plus) and long-term ratings to A- (pronounced as ICRA A minus).

DIRECTORS

During the year Balmer Lawrie & Co. Ltd., a promoter Company nominated Mr. Anand Dayal in place of Mr. K. Subramanyan with effect from 1st December 2012.

Mr. K. Subramanyan was director in this Company as Nominee of Balmer Lawrie & Co. Ltd., since 25th June 2011 and Board acknowledges with gratitude his contribution for growth of the Company.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Virendra Sinha and Mr. Egbert Jan Boertien, retire by rotation and are eligible for re-appointment.

STATUTORY AUDITORS

M/s. Price Waterhouse, Chartered Accountants, retire as auditors of the Company at the ensuing Annual General meeting.

As a measure of prudent practice and suggested in the Companies Act under amendment, the Board of Directors has decided to follow the rotation policy for appointment of Statutory Auditors. Accordingly M/s. Walker, Chandio & Co. Chartered Accountants, be and are hereby proposed to be appointed as Statutory Auditors of the Company for the Financial year 2013-14.

M/s. Walker, Chandio & Co. has consented to act as Statutory Auditors and have furnished a certificate of their eligibility for appointment as required under provisions of the Companies Act, 1956.

COST AUDITOR

Mr. Joshi Apte & Associates, Cost Accountants has been appointed as the Cost Auditors for audit of the cost records maintained by the Company for the year ended March 31, 2013.

The Board of Directors at their meeting held on 15th May 2013 has appointed M/s. Musib & Associates, Cost Accountants, as the