BALMER LAWRIE & CO. LTD.

[A Government of India Enterprise]

Regd. Office : 21, Netaji Subhas Road, Kolkata - 700001

Audited Financial Results for the Three Months Ended 31st March, 2011

Rs. in Crores

	Unaudited		Audited	
	Quarter ended 31.03.2011	Quarter ended 31.03.2010	Twelve months ended 31.03.2011	Twelve months ended 31.03.2010
1. Net Sales/Income from Operations	510.04	434.05	2018.99	1638.02
2. Expenditure				
(a) (Increase)/Decrease in Stock in Trade and Work-in-Progress	(11.65)	(0.78)	(10.16)	(5.30)
(b) Consumption of Raw Materials/Services	398.37	328.17	1589.76	1254.88
(c) Purchase of Traded Goods	1.59	1.50	3.19	1.50
(d) Employees Cost	35.26	35.12	129.83	118.00
(e) Depreciation	3.11	3.03	12.13	11.61
(f) Other Expenditure	37.38	43.32	141.10	136.37
(g) Total	464.06	410.36	1865.85	1517.06
3. Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	45.98	23.69	153.14	120.96
4. Other Income	6.38	6.99	30.89	34.57
5. Profit before Interest & Exceptional Items (3+4)	52.36	30.68	184.03	155.53
6. Interest	0.46	0.88	2.99	2.55
7. Profit after Interest but before Exceptional Items (5-6)	51.90	29.80	181.04	152.98
8. Exceptional Items	-	-	-	-
9. Profit(+)/Loss(-) from ordinary activities before Tax (7-8)	51.90	29.80	181.04	152.98
10. Tax Expense	17.62	(5.56)	59.95	35.69
11. Net Profit(+)/Loss(-) from Ordinary Activities after Tax [9-10]	34.28	35.36	121.09	117.29
12. Extraordinary Items (net of Tax expense)	-	-	-	-
13. Net Profit(+)/Loss(-) for the period [11-12]	34.28	35.36	121.09	117.29
14. Paid-up Equity Share Capital (Face Value per share - Rs. 10/-)	16.29	16.29	16.29	16.29
15. Reserves excluding Revaluation Reserves			517.55	445.67
16. Earnings per Share (Rs.)				
(a) Basic & Diluted EPS before Extraordinary Items	21.05	21.71	74.35	72.02
(b) Basic & Diluted EPS after Extraordinary Items	21.05	21.71	74.35	72.02
17. Public Shareholding (*)				
- Number of Shares	62,21,381	62,21,381	62,21,381	62,21,381
- Percentage of Shareholding	38.20%	38.20%	38.20%	38.20%
18. Promoters and Promoter Group Shareholding ($)				

a) Pledged/Encumbered				
- Number of Shares	-	-	-	-
- Percentage of Shares (as a % of the total shareholding of Promoter and Promoter Group)	-	-	-	-
- Percentage of Shares (as a % of the total share capital of the Company)	-	-	-	-
b) Non-encumbered				
- Number of Shares	1,00,64,700	1,00,64,700	1,00,64,700	1,00,64,700
- Percentage of Shares (as a % of the total shareholding of Promoter and Promoter Group)	100%	100%	100%	100%
- Percentage of Shares (as a % of the total share capital of the Company)	61.80%	61.80%	61.80%	61.80%

(*) Excludes 61.8% shares held by Balmer Lawrie Investments Ltd. (BLIL) which is a Government Company.
($) In respect of shares held by BLIL.

Notes :

(i) Previous period / year's figures have been re-grouped / re-arranged wherever necessary.

(ii) Net Sales/Income from Operations excludes Excise Duty.

(iii The above results including Segment Reporting and Consolidated Financial Results have been approved by the Board of Directors at its meeting held on 28 May, 2011.

(iv The statement of Assets and Liabilities as required under clause-41(V)(h) of the Listing Agreement is as under :

Rs./Crores

	Audited	
	As at 31.03.2011	As at 31.03.2010
Shareholders' Funds		
(a) Capital	16	16
(b) Reserves and Surplus	518	446
Loan Funds	-	-
Deferred Tax	8	11
Total	541	473
Fixed Assets	223	197
Investments	57	44
Current Assets, Loans and Advances		
(a) Inventories	119	92
(b) Sundry Debtors	309	245
(c) Cash and Bank Balances	267	267
(d) Loans and Advances	86	90
Less : Current Liabilities and Provisions		
(a) Liabilities	422	374
(b) Provisions	98	88
Total	541	473

(v) The audited accounts are subject to review by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956.

(vi The Company did not have any investor complaint pending at the beginning and end of the Quarter. It had also not received any investor complaint in the Quarter reported upon.

(vi Observations of the Statutory Auditors :
ICICI Venture Fund Management Co. Ltd. exited the joint venture unit, Transafe Services Ltd. (TSL) with full benefits without retaining any right of recovery on the part of Balmer Lawrie & Co. Ltd. (BL) for possible losses. Specific joint venture agreement between BL and ICICI specifying the exit clause, important for any joint venture agreement could not be provided.

Consequent to exit of ICICI Ventures from TSL, the entire financial burden fell upon and/or assumed by Balmer Lawrie & Co. Ltd. (BL) for arranging necessary fund for settling the accounts of ICICI Ventures with premium as well as bringing in new partner namely Balmer Lawrie Van Leer Ltd. (BLVL), another unit of

joint venture arrangement with BL.

Investment of Rs.553.28 lakhs during the previous year, a fresh further investment of a sum of Rs.1330.00 lakhs during the current year by way of acquiring preference shares in TSL and providing unsecured loan of Rs.1817.92 lakhs to BLVL for the purpose of purchase of shares held by ICICI Venture, was done without going through a process of Due Diligence. In addition, the interest falling due for payment as on 31/03/2011 has also been not serviced. Therefore, in our opinion, all these investments totaling to Rs.3701.20 lakhs appear to be prejudicial to the interest of the company.

Management Reply :

During the year the Company has invested Rs.6 crores towards subscriptions to Convertible Redeemable Preference Shares (CRPS) in addition to converting earlier loan of Rs.7.30 crores to CRPS. Further the Company has extended an unsecured loan of Rs.1.80 crores during the year to TSL. These have been done in compliance with the Company's obligation as Promoter of TSL under the restructuring scheme approved under the CDR mechanism.

In 2009-10 the Company has acquired the shares held by two Funds represented by the respective Trustees and acting through their Investment Manager M/s. ICICI Venture Fund Management Co. Ltd (collectively referred to as ICICI Venture) in Transafe Services Ltd. (TSL) a joint venture of the Company when ICICI Venture desired to exit from TSL. Looking at the business prospects of TSL, increasing Company's holding in TSL to 50% was considered as an appropriate strategy to strengthen its presence in the logistics business.

The Company did not engage an external agency for due diligence considering the fact that TSL was a group company. However, as a normal practice it carefully assessed the financials based on audited financial statements of TSL and additional Board level information available to the Company. Subsequent to the Company increasing its holding in TSL to 50% and exit of ICICI Venture, the accounting fraud was detected and criminal cases have been filed against TSL's erstwhile Managing Director, Chief Financial Officer and others. A plaint has also been filed before the Calcutta High Court against ICICI Venture for appropriate remedies.

The Shareholders' Agreement of TSL had an exit clause specifying the procedure for finalisation of the exit price, which was adhered to in the process.

Considering the above factors, investments made by the Company in TSL are not prejudicial to the interest of the Company and are expected to create value for shareholders and other stakeholders in the long run.

(Observations of the Statutory Auditors :

The internal control system as regards management of debtors and generation of scrap by the manufacturing units of the Company needs to be further strengthened.

Management Reply :

The Company has a system of review of debtors on a periodic basis at various levels of the organisation and all outstanding debts are followed up for collection regularly. Major part of the debts of the Company are outstanding from PSUs/Government, and there are often delays in getting payments. However, the comments of the Statutory Auditors have been noted and the Company will make efforts for further strengthening of follow-up and monitoring system.

As regards, management of scrap generation, the Company has a well laid down system, comparable to that practiced in similar industries, for monitoring/disposal of such manufacturing scrap. In view of the observations of the Statutory Auditor such procedure will be reviewed during 2011-12 and improvements to the extent feasible, would be incorporated.

(Observations of the Statutory Auditors :

In our opinion, the Company's present internal audit system as conducted in phased manner, by a firm of chartered accountants, is commensurate with its size and nature of its business but the same needs to be strengthened with regard to widening the coverage of various areas like investments made and its follow-up and in the matter of scrap management.

Management Reply :

The scope of Internal Audit was strengthened during the year and was considered fairly adequate. However, the Company, as a practice, reviews the scope of the Internal Audit programme on a yearly basis and effects modifications/improvements as deemed necessary. The observations of the Statutory Auditor would be duly considered during such review.

(vi The Board of Directors has recommended a dividend @ Rs. 26/- per equity share for the financial year ended 31 March, 2011.