

Notice to the Members

NOTICE is hereby given that the 6th Annual General Meeting of the Members of Balmer Lawrie Investments Limited will be held at Ghanashyam Das Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata – 700 019 on Tuesday, 25 September 2007 at 2.30 p.m. to transact the following:

ORDINARY BUSINESS:

1. To receive and adopt the audited Profit & Loss Account for the financial year ended on 31 March 2007 and the Balance Sheet as at that date along with the Report of the Directors, Auditors and the comments of the Comptroller & Auditor General of India thereon.
2. To confirm interim dividend and declare final dividend.
3. To appoint a director in place of Dr. S. Banerjee who retires by rotation and being eligible offers himself for re-appointment.
4. To fix remuneration of the Auditors and to pass with or without modification(s) the following resolution:

As an Ordinary Resolution

“RESOLVED THAT pursuant to Section 619, read with Section 224(8)(aa) of the Companies Act, 1956 (‘the Act’), the Board of Directors be and is hereby authorised to determine the amount of remuneration payable to the Auditors appointed under Section 619

of the Act, by the Comptroller and Auditor General of India including the cost of reimbursement of out of pocket expenses incurred in connection with the audit of Annual Accounts of the Company for the financial year 2007-08 by the said Auditors.”

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification(s), the following resolutions:

5. As an Ordinary Resolution:

“RESOLVED THAT Shri A. Kaushik, be and is hereby appointed a Director of the Company, whose period of office shall be subject to determination by retirement of Directors by rotation.”

6. As an Ordinary Resolution:

“RESOLVED THAT Shri S. Mishra, be and is hereby appointed a Director of the Company, whose period of office shall be subject to determination by retirement of Directors by rotation.”

Registered Office :
21, Netaji Subhas Road,
Kolkata - 700 001.
Date : 17 August 2007

On behalf of the Board

P. K. Ghosh
Company Secretary

Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. In terms of the Listing Agreement with the Stock Exchanges, the relevant details of a director retiring by rotation and seeking re-appointment under Item no. 3 as well as those proposed to be appointed as Directors under Item nos. 5 and 6 are annexed.
3. **Proxies, in order to be effective, must be received at the Registered Office, not less than 48 hours before the Meeting.**
4. Explanatory Statement made pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 18 September 2007 to 25 September 2007 (both days inclusive).
6. In terms of Sections 224(8)(aa) and 619 of the Companies Act, 1956, in case of a Government Company, the Comptroller and Auditor General of India though shall appoint the Auditors but the remuneration, shall be fixed by the Company in the General Meeting. Thus item no.4, under the Ordinary Business has been inserted as an Ordinary Resolution.

7. The Board of Directors at its meeting held on 31 January 2007 had declared an interim dividend of 10% on the paid-up equity share capital of the Company. Members who have not received or not encashed their dividend warrant may kindly approach CB Management Services (P) Limited, Registrar & Share Transfer Agent (‘RSTA’) of the Company. Final Dividend on Equity shares recommended by the Board of Directors of your Company, if approved at this 6th Annual General Meeting will be paid on or around 8 October 2007.
8. Pursuant to Sections 205A(5) and 205C of the Companies Act, 1956, the dividend amount which remains unpaid/unclaimed for a period of seven years, are required to be transferred to Investor Education & Protection Fund. After such transfer, there remains no claim of the shareholders, whatsoever on the said amount. Therefore the shareholders are requested to take steps to encash their un-claimed dividend.
9. Shri A. Kaushik & Shri S. Mishra being Additional Directors will cease to hold office at this 6th Annual General Meeting of your Company. Meanwhile proposal has been received from a shareholder for appointing them as Directors under Section 257 of the Companies Act, 1956. Dr. S. Banerjee retires at this 6th Annual General Meeting and being eligible has offered himself for re-appointment.

Balmer Lawrie Investments Limited

10. Members are requested to:
- i. Notify on or before 17 September 2007 the following to CB Management Services (P) Limited, at P-22, Bondel Road, Kolkata – 700 019:
 - a. Change of address (including pin code), mandate, etc.
 - b. Bank account number, name and address of the bank.
 - ii. Quote the ledger Folio or client ID and DP ID numbers in all their communications addressed either to the Company/ or to the RSTA.
 - iii. Bring their copies of Annual Report and show Attendance Slip/Entry Pass at the entrance of the venue of the Meeting. Annual report shall not be distributed at the venue of the Meeting.
 - iv. Submit their Electronic Clearing Service (ECS) mandates, to enable the Company to pay dividend through ECS. Members holding shares in physical form are requested to send their ECS mandate to CB Management Services (P) Limited, on or before 17 September 2007. Those holding shares in electronic form are requested to send their ECS mandates directly to their Depository Participant (DP). Those who have already furnished their ECS Mandates with complete details are not required to furnish unless there is a change in bank details.
 - v. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote at the meeting on their behalf.

Explanatory Statement

Under Section 173 (2) of the Companies Act, 1956 ('the Act')

[Forming Part of the Notice to the Members]

Item no. 5

Shri A. Kaushik, B.Sc, L.L.B., PG-HRM, PG-DIM was appointed Additional Director (Government nominee) on 12 April 2007, based on the recommendations of the Department of Disinvestment, Ministry of Finance and the Ministry of Petroleum and Natural Gas, Government of India. Pursuant to Section 260 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company, Shri Kaushik shall hold office only up to the date of the ensuing 6th Annual General Meeting.

Meanwhile the Company has received a notice under Section 257 of the Act, proposing the appointment of Shri Kaushik as Director of the Company whose office shall be subject to determination by retirement of Directors by rotation.

Letter dated 12 April 2007 and 9 April 2007 received from the Department of Disinvestment, Ministry of Finance and the Ministry of Petroleum & Natural Gas, Government of India, respectively, recommending appointment of Shri Kaushik on the Board and the Articles of Association of the Company, are open for inspection at the Registered Office on all working days (except Saturdays) during 10 a.m. to 12 noon.

Your Directors recommend passing of this Ordinary Resolution.

Except, Shri Kaushik, none of the Directors are interested or concerned in this proposed Ordinary Resolution.

Item no. 6

Shri S. Mishra, B.Sc. (Hons), PGDM was appointed Additional Director (Government nominee) on 12 April 2007, based on the recommendation of the Department of Disinvestment, Ministry of Finance, Government of India. Pursuant to Section 260 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company, Shri Mishra shall hold office only up to the date of the ensuing 6th Annual General Meeting.

Meanwhile, the Company has received a notice under Section 257 of the Act, proposing the appointment of Shri Mishra as Director of the Company whose office shall be subject to determination by retirement of Directors by rotation.

Letter dated 12 April 2007 received from the Department of Disinvestment, Ministry of Finance, recommending appointment of Shri Mishra on the Board and the Articles of Association of the Company, are open for inspection at the Registered Office on all working days (except Saturdays) during 10 a.m. to 12 noon.

Your Directors recommend passing of this Ordinary Resolution.

Except, Shri Mishra, none of the Directors are interested or concerned in this proposed Ordinary Resolution.

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Details of the Directors proposed to be appointed/re-appointed at the 6th Annual General Meeting scheduled on 25 September 2007

Name of the Director	Dr. S. Banerjee	Shri A. Kaushik	Shri S. Mishra
Date of Birth	3 June 1943	2 May 1958	22 October 1968
Date of appointment	29 December 2005	12 April 2007	12 April 2007
Qualification	Bachelor in Law, Masters in Economics, Masters in Business Administration (England) & Doctorate in Commerce and Business Administration.	B.Sc, L.L.B., PGHRM, PGDIM	B.Sc. (Hons),
Expertise in specific functional area	Finance, Administration and General Management matters.	International Trade and Negotiations	Financial Management, Accounting, Audit & Finance in Government

Balmer Lawrie Investments Limited

Directors' Report

To the Members,

Your Directors have the pleasure in presenting the 6th Annual Report of the Company together with the audited Balance Sheet and Profit & Loss Account for the financial year ended on 31 March 2007.

Financial Results

	(Rs. in lakhs)	
	Year ended on 31 March	
	2007	2006
Surplus for the year before		
Finance charge, depreciation & tax	940.72	557.90
Deduct there-from :		
Finance charge & depreciation	—	—
Provision for Taxation	12.00	1.47
Net Profit	928.72	556.43
Add transfer from :		
Profit & Loss Account	71.98	57.12
Amount available for Appropriation	1000.70	613.55
Appropriation :		
Interim Dividend @ Re. 1.00 (Rupee One only) per Equity share of Rs. 10/- each fully paid-up (previous year-nil)	221.97	—
Proposed Final Dividend @ Rs. 1.80 (Rupee One and paise eighty only) per Equity Share of Rs. 10/- each fully paid-up	399.55	377.35
[Previous year Dividend @ Rs. 1.70 (Rupee One and paise seventy only) per Equity share of Rs. 10/- each fully paid-up, was declared]		
Corporate Tax on Dividend	99.03	52.92
Transfer to Reserve Fund	185.75	111.30
Surplus carried forward to the next year	94.40	71.98

Dividend

Your Directors are pleased to recommend, for declaration, a final dividend of Rs.1.80 (Rupee One and paise eighty only) per Equity share of Rs.10/- each fully paid-up, i.e., 18%, for the financial year ended on 31 March 2007, in addition to the interim dividend of Re.1.00 (Rupee One only) per Equity share of Rs. 10/- each, fully paid-up, i.e., 10%, as against dividend of Rs.1.70 (Rupee One and paise seventy only) per Equity share of Rs. 10/- each, fully paid-up, i.e., 17%, for the previous financial year ended on 31 March 2006.

If, the recommended dividend of 18% is declared at the forthcoming Annual General Meeting, then the dividend will be paid to those who are members of the Company as on the date of the commencement of the Book Closing period, i.e., 18 September 2007. In respect of shares held electronically, dividend will be paid to the beneficial owners as per details furnished by the Depositories, i.e., Central Depository Services (India) Ltd. and National Securities Depository Ltd.

Deposits with Banks

Your Company as you are aware is prohibited by the Reserve Bank of India to do any sort of non-banking business. Dividend received from Balmer Lawrie & Co. Ltd., is the only major income of your Company. Estimated surplus money instead of keeping in the current account is deployed in the Fixed Deposits Schemes of the Banks. As of 31 March 2007, the total amount of deployment in the Fixed Deposits Schemes of the Banks stood at Rs.977.70 lakhs. Your Company during the financial year ended on 31 March 2007, out of such deployment in fixed deposits earned to the tune of Rs. 70.50 lakhs.

Management Discussion and Analysis Report

Your Company, is not engaged in any other business activity except to hold the Equity shares of Balmer Lawrie & Co. Ltd. and accordingly matters to be covered under 'Management Discussion and Analysis Report' are not applicable for your Company.

Report on Subsidiary Companies

Your Company in terms of Sections 4(1)(b)(ii) and 4(1)(c) of the Companies Act, 1956 ('the Act') has three subsidiary companies, namely, Balmer Lawrie & Co. Ltd. ('BL'), Balmer Lawrie (UK) Ltd. ('BLUK') and Balmer Lawrie (Tea) Ltd. ('BLTL'). Your Company by virtue of its shareholding (61.8%) in BL is the holding Company of the latter. BL in turn has foreign subsidiaries, namely BLUK and BLTL, which in turn under Section 4(1)(c) of the Act are also the subsidiary companies of your Company. BL has obtained exemption from the Ministry of Corporate Affairs from attachment of Annual Accounts and Reports of its two foreign subsidiaries along with its joint venture companies. BL however has presented the annual accounts of BLUK and BLTL in Indian currency and has consolidated its financial statement with that of the above two referred foreign subsidiaries and joint venture companies. Your Company in terms of Section 212(1) of the Act has attached a copy of the Report and Accounts of BL. Further your Company has furnished the Annual Accounts of BLUK and BLTL, in the manner as was dealt in the Annual Report of BL. Your Company in respect of its foreign subsidiary companies, namely BLUK and BLTL, will entertain to provide other information, if requisitioned by its members.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, dealing with the disclosures about the above matters, are not applicable to your Company.

Particulars of Employees

Your Company has no employee in respect of whom the statement under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is applicable.

Directors' Responsibility Statement

Your Directors acknowledges the responsibility for ensuring compliance with the provisions of Section 217 (2AA) of the Companies Act, 1956, in preparation of the Annual Accounts of your Company for the financial year ended on 31 March 2007 and confirm that:

- in the preparation of the accounts for the financial year ended on 31 March 2007, the applicable Accounting Standards have been followed and there was no material departure from such standards:

Balmer Lawrie Investments Limited

- (ii) the Directors have selected such Accounting Policies and applied them consistently and made judgment and estimates that were 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 on 31 March 2007 and of the profit of the Company for the said financial year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the Accounts for the financial year ended on 31 March 2007, on a 'going concern basis'.

Consolidated Financial Statement

Since the Equity shareholding in Balmer Lawrie & Co. Ltd. ('BL'), the subsidiary Company of your Company, is temporary in nature, Consolidated Financial Statement of your Company with BL and group companies of BL, i.e., BL's subsidiaries and joint venture Companies, which in turn also falls under the group companies of your Company, has not been drawn in terms of paragraph 11(a) of the Accounting Standard-21, issued by the Institute of Chartered Accountants of India ('ICAI'). However, BL has consolidated its financial statement with that of its subsidiaries and joint venture companies as per the Accounting Standards 21 and 27 issued by ICAI and got it audited by their statutory auditors in accordance with the requirement of Clause 32 of the Listing Agreement with the Stock Exchanges. Such Consolidated Financial Statement of BL along with the report of the Auditors are provided in this Annual Report for giving an insight about the group's financial performance.

Corporate Governance

Your Company since initial listing with the Stock Exchanges, which was in the year-end 2002 & early 2003, consistently abided the Corporate Governance regulations, as being stipulated in the listing agreement. Further your Company in accordance with the revised Corporate Governance regulations, which became effective from 1 January 2006, has implemented certain issues like appointment of independent Directors, formulation of the Code of Conduct of the Board members and the Senior Management etc. A detailed report is being furnished in **Annexure A**.

The Statutory Auditors of your Company have examined the compliance of such Corporate Governance regulations and have certified in terms of the concerned regulations. Such Certificate is furnished in **Annexure B**.

Directors

Shri A. K. Jain and Shri T. S. Krishnamachari, Government nominees, resigned from the Board of Directors ('the Board') of your Company on 12 April 2007. Your Directors record their appreciation for the valuable services rendered by them during their tenure.

Shri A. Kaushik and Shri S. Mishra, nominees of the Government of India, were appointed Additional Directors on the Board of your Company on 12 April 2007. Pursuant to Section 260 of the Companies Act, 1956, Shri Kaushik and Shri Mishra will hold office till this 6th Annual General Meeting of your Company unless appointed in accordance with the procedures laid down under Section 257 of the Companies Act, 1956. Meanwhile your Company has received a notice under Section 257 of the Companies Act, 1956, along with deposit money from a shareholder signifying his intention of appointing both, Shri Kaushik & Shri Mishra as Directors of your Company.

Shri S. K. Bandyopadhyay, Dr. S. Banerjee and Shri C.C. Unnikrishnan are the retiring Directors on the Board. Shri Bandyopadhyay (serving the Board since 20 December 2001), was last reappointed at the 5th Annual General Meeting of your Company held on 21 September 2006. Dr. Banerjee and Shri Unnikrishnan both were appointed as Additional Directors by the Board on 29 December 2005 and subsequently as retiring Directors by the shareholders at the 5th Annual General Meeting of your Company held on 21 September 2006. Out of both Dr. Banerjee and Shri Unnikrishnan it was decided by lot, to first retire Dr. Banerjee and thus Dr. Banerjee will retire by rotation at the ensuing Annual General Meeting of your Company. Dr. Banerjee, being eligible, offers himself for re-appointment at the ensuing 6th Annual General Meeting of your Company.

Auditors

Your Company, being a Government Company under Section 617 of the Companies Act, 1956, the appointment of Statutory Auditors is made by the Comptroller and Auditor General of India ('CAG'). The power of appointment of the Statutory Auditors of Government companies though is vested with CAG but the privilege of determining/fixing remuneration payable to such Statutory Auditors has been entrusted on its members under Sections 224(8)(aa) and 619 of the Companies Act, 1956. Therefore all the shareholders are requested to exercise their right and vest the power to the Board to determine the amount of remuneration payable to the Statutory Auditors of your Company in commensurate with the volume of work involved in conducting audit of annual accounts for the financial year 2007-08. Accordingly, this item has been included under Ordinary Business in the notice convening the 6th Annual General Meeting of your Company.

You may kindly note that on the basis of your authority granted at the 5th Annual General Meeting and subsequent recommendation of the Audit Committee, the Board of Directors has fixed Rs.15,000 (Rupees Fifteen thousand only) as remuneration payable to the Statutory Auditors, for the audit work of the annual accounts for the financial year 2006-07. Such remuneration is exclusive of service tax and other out of pocket expenses, if incurred by the Statutory Auditors on behalf of your Company.

Reports of the Auditors

Report of the Statutory Auditors on Annual Accounts of your Company for financial year ended on 31 March 2007, does not have any reservation, qualification or adverse remark. It may further be noted that Comptroller and Auditor General of India ('CAG') has no comments upon or has any supplement to the Report of the Statutory Auditors under Section 619(4) of the Companies Act, 1956. Reports of the Statutory Auditors and CAG are provided in this Annual Report.

Acknowledgement

Your Directors acknowledge the valuable guidance and support extended by the Government of India, Department of Disinvestment of the Ministry of Finance and other Ministries. Your Directors are thankful to Balmer Lawrie & Co. Ltd., for their valuable services and co-operation.

On behalf of the Board

Registered Office :
21, Netaji Subhas Road
Kolkata - 700 001.
Date : 17 August 2007

S. K. Bandyopadhyay
Dr. S. Banerjee
S. Mishra
A. Kaushik

Directors

Report on Corporate Governance
[Forming Part of the Directors' Report for the year 2006-07]

I. Philosophy on Code of Governance

The underlying principles of Corporate Governance are the values, ethics and commitment to follow best business practices. Thus, it rests upon the foundations of transparency, professionalism, accountability, disclosures and fairness in dealing with its' stakeholders.

Keeping in view the Company's size, complexity, global operations and corporate traditions, the framework is based on the following main principles :

- Constitution of a Board of Directors of appropriate composition, size, varied expertise and commitment to discharge their responsibilities and duties.
- Ensuring timely flow of information to the Board and its Committees to enable them discharge their functions effectively.
- Independent verification and safeguarding integrity of the Company's financial reporting.
- A sound system of internal control.
- Timely and balanced disclosure of all material information concerning the Company to all stakeholders.
- Transparency and accountability.
- Compliance with applicable rules and regulations.
- Fair and equitable treatment of all its shareholders and investors.

These policies and their effective implementation underpin the commitment of the Company to Good Corporate Governance consistent with the Company's goal to enhance shareholder's value. Your Company recognises that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the shareholders and investors. In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, the details of governance systems and

processes including compliance by the Company with the provisions of Clause 49 are as under:

II. Board of Directors

A. Composition

The Board of Directors ('the Board') of your Company is headed by a non-executive Chairman and all the other members of the Board are non-executive. On the date of this report the Board of your Company consist of the following Directors:

- i) Government nominees
 - a) Shri S.K. Bandyopadhyay, Chairman
 - b) Shri S. Mishra
 - c) Shri A. Kaushik
- ii) Independent
 - a) Dr. S. Banerjee
 - b) Shri C.C. Unnikrishnan

B. Equity Shares held by the Directors (as nominee of the President of India)

Name of the Directors	No. of Equity Shares held
Shri S. K. Bandyopadhyay	10

C. Remuneration

Out of the five non-executive Directors three are nominees of the Government of India and none of them receive any remuneration including sitting fees for attending the meetings of the Board or any Board Sub-Committees thereof. The Independent directors being non-official part-time Directors are only entitled to receive sitting fees for attending each meeting of the Board and/or Board Sub-Committees.

D. Other Directorship & Committee positions

Name of the Directors	Directorship in companies other than your Company	Board Position held	Board-Sub-Committee Position held
Shri S. K. Bandyopadhyay	i) Kumarakruppa Frontier Hotels Ltd., ii) Bhubaneshwar Hotels (P) Ltd., iii) Hotel Icon (P) Ltd., iv) Hotel Banipark (P) Ltd., v) Patna Hotels (P) Ltd.	i) Director ii) Director iii) Director iv) Director v) Director	i) Nil ii) Nil iii) Nil iv) Nil v) Nil
Shri S. Mishra	None	-	-
Shri A. Kaushik	None	-	-
Dr. S. Banerjee	None	-	-
Shri C. C. Unnikrishnan	None	-	-

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E. Attendance of Directors at the Board Meetings held during August 2006 to July 2007 and at the 5th Annual General Meeting held in the year 2006

Name of the Directors	Board Meetings						Annual General Meeting
	30 July 2007	29 June 2007	7 March 2007	31 January 2007	30 October 2006	20 September 2006	21 September 2006
Shri S.K. Bandyopadhyay	X	✓	✓	✓	✓	✓	✓
Shri S. Mishra	X	✓	N.A.	N.A.	N.A.	N.A.	N.A.
Shri A. Kaushik	✓	✓	N.A.	N.A.	N.A.	N.A.	N.A.
Dr. S. Banerjee	✓	✓	✓	✓	✓	✓	✓
Shri C. C. Unnikrishnan	✓	✓	✓	✓	✓	✓	✓
Shri A. K. Jain	N.A.	N.A.	✓	X	X	X	X
Shri T. S. Krishnamachari	N.A.	N.A.	X	✓	X	X	X

Notes : '✓' denotes Present, 'X' denotes Absent and 'N.A.' denotes Not Applicable.

Shri Kaushik and Shri Mishra were appointed on the Board, on 12 April 2007.

Shri Jain and Shri Krishnamachari resigned from the Board on 12 April 2007

F. Code of Conduct of the Board members and Senior Management

The Code of Conduct for the Directors and Senior Management of your Company was laid down by the Board on 22 December 2005. All the Directors and the Company Secretary (being the only members in the senior management team) of your Company for the 12 months period ended on 31 March 2007 has given their individual declaration on compliance of the referred code of conduct to the Board. Since the Company does not have any Chief Executive Officer, a declaration to that effect has been given by Shri S.K. Bandyopadhyay, Chairman of the Board, which is being furnished in the Annexure I to this Report.

III. Board Sub-Committees

Your Company has two Board Sub-Committees namely Audit & Investors' Grievance Committee.

A. Audit Committee

1. Composition

The Audit Committee of your Company was constituted on 23 September 2002 with terms of reference covering most of the aspects stipulated by SEBI. The terms of reference also fully comply with the requirements of Section 292A of the Companies Act, 1956. Your Company has adequate independent Directors in the Committee as stipulated in the revised guidelines of the Listing Agreement with the Stock Exchanges. Consequent upon the resignation of Shri T.S. Krishnamachari, Shri S. Mishra was appointed on the Board with effect from 12 April 2007 and hence, Shri Mishra was appointed member of this committee in place of Shri Krishnamachari on and from the said date.

As on the date of this Report, the composition of the committee is as below:

Name of the Members	Whether Executive/Non-executive /Independent	Position held
Dr. S. Banerjee	Independent	Chairman
Shri C.C. Unnikrishnan	Independent	Member
Shri S. Mishra	Non-executive Government nominee	Member

All the members of the Audit Committee are financially literate and have expertise in finance and general management matters. Dr. Banerjee, the Chairman of the Audit Committee, is a Bachelor in Law, Masters in Economics, Masters in Business Administration (England) and Doctorate in Commerce and Business Administration. Educational qualification coupled with excellent experience covering around 37 years in the Govt. of India. He is an expert in the areas of accounts and finance. Currently he is into the profession of management consultant. Shri C.C. Unnikrishnan the other independent member in the Audit Committee is a Bachelor in Science and Education. Shri Unnikrishnan has served for several years in the field of administration, budgetary planning and general management matters in the Government of India. Shri S. Mishra, the only Government nominee Director in the Audit Committee is a B.Sc. (Hons), PGDM (Financial Management) and has expertise in Accounting, Audit & Finance. The Company Secretary of your Company, Shri P.K. Ghosh acts as the Secretary of the Committee.

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2. Meetings & Attendance

Audit Committee meetings held during August 2006 to July 2007 are produced below :

Date of the Meetings	Nos. of Members present
30 October 2006	2
31 January 2007	3
29 June 2007	3
30 July 2007	2

B. Shareholders'/Investors' Grievance Committee

1. Composition

Investors' Grievance Committee was constituted on 29 July 2003. Consequent upon the resignation of Shri T.S. Krishnamachari, Shri S. Mishra was appointed on the Board with effect from 12 April 2007 and hence Shri Mishra was appointed member of this committee in place of Shri Krishnamachari from the said date. As on the date of this Report, the Directors who are the Members of the Investors' Grievance Committee are furnished below:

Name of the Members	Position held
Shri S. K. Bandyopadhyay	Chairman
Shri S. Mishra	Member
Shri C. C. Unnikrishnan	Member
Dr. S. Banerjee	Member

During the period 1st April 2006 to 31st March 2007, the Company has received 2 (two) investors' complaints, which were resolved/redressed during the year.

2. Meetings & Attendance

Investors' Grievance Committee meetings held during August 2006 to July 2007 are produced below:

Date of the Meetings	Nos. of members present
20 September 2006	3
30 October 2006	3
31 January 2007	4
29 June 2007	4
30 July 2007	2

C. Remuneration Committee

In terms of the Listing Agreement, the provision to have a Remuneration Committee, in case of listed Companies, is not mandatory in nature. All the Directors are non-executive part-time directors and do not receive any sort of remuneration from the Company, including the sitting fee. Therefore the Company is not required to have a Remuneration Committee.

IV. General Body Meetings

Venue, time where the last three Annual General Meetings (AGM's) held and details of special resolutions passed in the said AGM's are given hereunder.

Year	Nature of the General Meeting	Venue	Date &	Details of Special Resolution passed
2004	3 rd Annual General Meeting	G. D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata - 700 019	24 September 2004 at 2.30 p.m.	-
2005	4 th Annual General Meeting	G. D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue, Kolkata - 700 019	23 September 2005 at 2.30 p.m.	De-listing of Equity shares from 4 (four) Stock Exchanges, namely, Ahmedabad, Madras, Delhi & Gauhati.
2006	5 th Annual General Meeting	G. D. Birla Sabhagar, 29, Ashutosh Choudhury Avenue Kolkata - 700 019	21 September 2006 at 2.30 p.m.	Keeping of the Register and Index of Members, Annual Return and other related documents at the office of the Registrar & Share transfer Agent, C B Management Services (P) Ltd.

Note : No special resolution was passed in 2006-07 through postal ballot process.

V. Disclosures

- There was no materially significant related party transaction executed during the financial year ended on 31 March 2007, as required to be disclosed under Clause 49 of the Listing Agreement, except as has been mentioned under Clause 4 (ii) of Schedule- 9 of the Notes on the Annual Accounts, which were all, carried out at arm's length and all disclosures made in accordance with the Accounting Standard -18, issued by the Institute of Chartered Accountant of India.
- There was no non-compliance by the Company on capital market related matters and no penalty or stricture has been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities during the financial year ended on 31 March 2007.
- The Company has filed all the returns, documents and forms within the statutory time with the Registrar of Companies, West Bengal, as required under various provisions of the Companies Act, 1956.
- The company is yet to adopt any non- mandatory requirement including the Whistle Blower Policy.
- During the Financial Year 2006-07 Secretarial Audit was carried out on quarterly basis by a firm of Practicing Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL.

VI. Means of Communication

Un-audited financial results for the first three quarters and the audited annual financial results for the financial year ended on 31 March 2007, were published in 'The Financial Express' (English), 'Aajkal' (Bengali) and 'Jansatta' (Hindi), on the day, immediately succeeding the Board meeting date where-in such results were considered and approved.

Balmer Lawrie Investments Limited

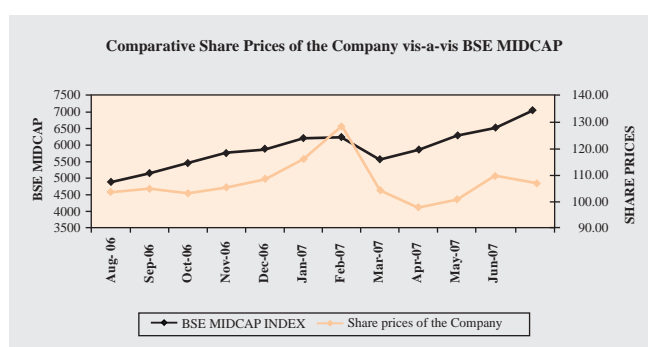
VII. Shareholders' Information

A	6th Annual General Meeting – Date & Time – Venue	25 September 2007 at 2.30 p.m. Ghanashyam Das Birla Sabhagar 29, Ashutosh Choudhury Avenue Kolkata - 700 019
B	Financial Calendar 1. Annual General Meeting 2. Consideration at the Audit Committee & Board meetings - i. Un-audited financial results for the first quarter ended 30 June 2007. ii. Un-audited financial results for the second quarter and first half year ending 30 September 2007. iii. Un-audited financial results for the third quarter ending 31 December 2007 iv. Audited annual results for the financial year ending 31 March 2008	25 September 2007 30 July 2007 Last week of October 2007 Last week of January 2008 Mid/last week of June 2008
C	Book Closure Date	18 September to 25 September, 2007 (both days inclusive)
D	Dividend Payment date	Expected around 8 October 2007
E	Listing of Equity Shares	The Calcutta Stock Exchange Association Ltd. Bombay Stock Exchange Ltd.
F	Stock Code The Calcutta Stock Exchange Association Ltd. Bombay Stock Exchange Ltd.	12638 532485
G	Demat - ISIN numbers in CDSL & NSDL Type of Securities ISIN No.	Equity Shares INE 525F01017

As on the date of this report listing fees for the current financial year 2006-07 has been paid to all the Stock Exchanges, where the Company Equity Shares are Listed.

H. Market Price (as traded in the Bombay Stock Exchange Ltd.) during the period from 1 August 2006 to 31 July 2007

Month (2006)	High (Rs.)	Low (Rs.)	Month (2007)	High (Rs.)	Low (Rs.)
August	103.50	81.95	January	116.00	98.05
September	104.90	95.00	February	128.40	94.00
October	103.10	92.00	March	104.30	76.10
November	105.40	88.50	April	97.55	85.05
December	112.00	92.00	May	100.70	87.60
			June	109.90	91.30
			July	106.95	94.15



Balmer Lawrie Investments Limited

I. Categories of Shareholders as on 30 June 2007

Category	No. of Shareholders/folios	Total Number of Equity Shares	% of the total Equity holding
Promoter & its Associates President of India (including its nominees)	9	1,32,46,098	59.67
Foreign National/NRI	0	0	0.00
Indian Financial Institution, Mutual Fund & Banks	32	77,213	0.35
Insurance Companies	5	18,46,251	8.32
Bodies Corporate			
a) Domestic Companies	455	28,74,305	12.95
b) Foreign Companies	-	-	-
Public	12,213	41,53,402	18.71
Total	12,714	2,21,97,269	100.00

J. Share Transfer procedure

The authority relating to physical share transfer, transmission, re-materialisation etc., have been delegated to the Committee of Directors for Share transfer, transmission etc. which at present consist of two non-executive Directors, namely, Shri S.K. Bandyopadhyay & Shri S. Mishra. Requests for share transfer, transmission, etc., are approved by the Committee at its meeting held periodically. The Company Secretary acts as the Compliance Officer in terms of Clause 47 of the Listing Agreement with the Stock Exchanges. Your Company has complied with the requirements of clause 47(c) of the Listing Agreement with the Stock Exchanges. The management of your Company reviews on monthly basis the share related functions performed by the Registrar & Share Transfer Agent and which in turn is periodically audited by a Company Secretary-in practice.

K. Registrar & Share Transfer Agent

The share registry job in both physical and demat segments is handled by a single common agency, i.e., C B Management Services (P) Ltd. having its office at P-22, Bondel Road, Kolkata – 700 019.

L. Listing requirements

Your Company has paid the annual listing fee to the Stock Exchanges where the Equity Shares of the Company are listed and complied with all requirements including submission of quarterly reports and certificates to the Stock Exchanges.

M. De-materialisation of Shares and Liquidity

Your Company during the financial year 2002-03, entered into tripartite agreement with the Depositories, namely, National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'), for enabling its Equity shares to be traded in dematerialized form.

Status of de-materialisation of shares as on 30 June 2007 is produced below

	Nos. of Equity shares		% to the total paid-up capital	
	Sub-total	Grand Total	Sub-Total	Grand Total
Physical		12,17,076		5.483
Demat				
i. National Securities Depository Ltd.	54,21,017		24.422	
ii. Central depository Services (India) Ltd.	1,55,59,176	2,09,80,193	70.095	94.517
		2,21,97,269		100.00

Notes :

- The Equity shares of your Company were actively traded in Bombay Stock Exchange Ltd.
- The Company has not issued any GDR/ADR/Warrant or any instrument convertible into Equity.

O. Amount of Unclaimed Dividend to be transferred to the Investor Education and Protection Fund

Your Company has been declaring dividend since the financial year ended on 31st March 2003 and any amount remaining unpaid
(Contd. in the next column)

or unclaimed for a period of 7 years in the unpaid dividend account shall be transferred to the 'Investor Education and Protection Fund' established under Section 205C of the Companies Act, 1956. Details of unpaid or unclaimed dividend as on 31 March 2007, are given below :

Date on which dividend declared	Pertaining to the financial year	Total amount of Dividend (in Rs.) & % declared	Date of transfer to the unpaid dividend account	Amount of unclaimed dividend as on 31 March 2007 (in Rs.)	% of unclaimed dividend to the total dividend	Due date of transfer to the 'Investor Education and Protection Fund'
24 September 2003	2002-2003	66,59,181.00 3%	30 October 2003	87,608.10	1.32	30 October 2010
24 September 2004	2003-2004	1,77,57,815.00 8%	30 October 2004	2,22,255.00	1.25	30 October 2011
23 September 2005	2004-2005	2,21,97,269.00 10%	29 October 2005	2,84,777.00	1.28	29 October 2012
21 September 2006	2005-2006	3,77,35,357.00 17%	27 October 2006	5,23,654.40	1.39	27 October 2013
*31 January 2007	2006-2007	2,21,97,269.00 10%	7 March 2007	4,48,396.00	2.02	7 March 2014

*Interim dividend approved for payment by the Board of Directors.

P. Payment of Dividend through Electronic Clearing Services 'ECS'

As per circular issued by Securities and Exchange Board of India (Circular no. DCC/FITT/CIR-3/2001 dated 15 October 2001) the Company has to use ECS for payment of dividend, wherever available. Your Company since the year 2003, when it declared its maiden dividend have made request to the shareholders for adoption of ECS facility.

Your Directors during the last financial year ended on 31 March 2007, has recommended final dividend @ 18%, (Rs. 1.80 per Equity share of Rs. 10/-, each fully paid up) in addition to interim dividend @ 10% (Re. 1.00 per Equity share of Rs.10/-,each fully paid-up). If such dividend is declared at the ensuing Annual General Meeting, then the shareholders as earlier can avail the facility of receiving dividend through ECS, provided:

- i. if they are located at any of the below mentioned Reserve Bank of India's location:
Mumbai, Delhi, Kolkata, Chennai, Ahmedabad, Hyderabad, Bangalore, Bhubaneshwar, Guwahati, Jaipur, Kanpur, Trivandrum, Nagpur, Chandigarh & Patna.
- ii. the ECS mandate (in the format as attached with this report) is submitted latest by 17 September 2007 at the following address:
C B Management Services (P) Ltd.
Unit: Balmer Lawrie Investments Ltd.
P-22, Bondel Road, Kolkata- 700 019

Q. Address for Correspondences

All communications relating to share matters, may be addressed to-
C B Management Services (P) Ltd.
Unit: Balmer Lawrie Investments Ltd.
P-22, Bondel Road, Kolkata- 700 019
Tel. : (033) 2280 6042-44, Fax : (033) 2287 0263

Or-
The Company Secretary
Balmer Lawrie Investments Ltd.,
21, Netaji Subhas Road,
Kolkata – 700 001
Tel. : (033) 2222 5227, Fax : (033) 2222 5678

VII. Certification by the Chairman of the Board & Chairman of the Audit Committee to the Board

It may be pertinent to note that clause 49 of the listing agreement dealing with Corporate Governance guidelines has stipulated that the Chief Executive Officer, i.e., Managing Director or Manager appointed in terms of the Companies Act, 1956 and Chief Financial Officer, i.e., the whole-time Finance Director or any other person heading the Finance function, shall certify on aspects concerning the financial statements for the financial year ended on 31 March 2007, including the Cash Flow Statement.

Your Company neither has a Managing Director nor a Whole-time Finance Director on its Board. By virtue of the Service Agreement with Balmer Lawrie & Co. Ltd., your Company receives all sorts of services in the nature of Accounts, Finance, Taxation, Administration, etc., from the former. Since the responsibility has been laid on the reporting Company therefore under this situation the requisite certificate was obtained jointly from the Chairman of the Board and the Chairman of the Audit Committee of your Company.

The referred certificate given by Shri S.K. Bandyopadhyay, Chairman of the Board and Dr. S. Banerjee, Chairman of the Audit Committee is being furnished in **Annexure II**.

Balmer Lawrie Investments Limited

Annexure - I

Declaration by the Chairman of the Board on compliance of the Code of Conduct by the Board members and Senior Management

I, S.K. Bandyopadhyay, Chairman of the Board, to the best of my knowledge and belief would like to declare that all the Board members and the Company Secretary (only member of the Senior Management team) during the twelve months period ended on 31 March 2007 have complied with the Code of Conduct which was laid down by the Board on 22 December 2005.

29 July 2007
New Delhi

sd/-
S.K. Bandyopadhyay
Chairman – Board

- (b) these statements give a true and fair view of the state of affairs of the Company and are in confirmatory of the existing Accounting Standards, applicable laws and regulations;
- (c) there was no transaction entered into by the Company which were fraudulent, illegal or violative to the Code of the Conduct of the Company.

We, further confirm that establishment and maintenance of the internal control system for financial reporting have been evaluated and discussed with the Statutory Auditors. In case, if any corrective action needs to be taken then the Audit Committee and the Board both shall be appraised.

We both confirm that during the financial year if any of the following situations, occur, then it shall be reported to the Statutory Auditors and the Audit Committee: -

- (a) significant changes in internal control over financial reporting;
- (b) significant changes in accounting policies;
- (c) instances of significant fraud which we have become aware of and which involve management or other employees who have significant role in the internal control system over financial reporting.

However, during the year under review there were no such changes or instances.

Certification by the Chairman of the Board and Chairman of the Audit Committee to the Board

We, S.K. Bandyopadhyay, Chairman of the Board and Dr. S. Banerjee, Chairman of the Audit Committee, jointly have reviewed the financial statements for the year ended on 31 March 2007 and to the best of our knowledge and belief certify that: -

- (a) these statements do not contain any materially un-true statement or omit any material fact or contain statement that might be misleading;

29 June 2007
New Delhi

sd/-
S.K. Bandyopadhyay
Chairman – Board

sd/-
Dr. S. Banerjee
Chairman-
Audit Committee

Annexure - II

Annexure - B

Auditors' Certificate on Corporate Governance

To the Members of Balmer Lawrie Investments Limited

We, have examined the compliance of conditions of Corporate Governance by Balmer Lawrie Investments Limited for the financial year ended on 31 March 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that no investor grievance is pending

for a period exceeding one month against the Company, as per records maintained by the Company.

We, further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Kolkata
17 August 2007

For and on behalf of
T. K. Ghose & Co.
Chartered Accountants
S. K. Gupta
Partner
Membership No. 13413

Balmer Lawrie Investments Limited

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT,
1956 ON THE ACCOUNTS OF BALMER LAWRIE INVESTMENTS
LIMITED, KOLKATA FOR THE YEAR ENDED 31 MARCH 2007.**

The preparation of financial statements of Balmer Lawrie Investments Limited, Kolkata for the year ended 31 March 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 June 2007.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Balmer Lawrie Investments Limited, Kolkata for the year ended 31 March 2007 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

Sd/-
(A. Roychoudhury)
Principal Director of Commercial
Audit & Ex-Officio Member,
Audit Board – I,
KOLKATA

Place : Kolkata
Date : 17 July, 2007

Balmer Lawrie Investments Limited

Auditors' Report to the Members of Balmer Lawrie Investments Limited

We have audited the attached Balance Sheet of **Balmer Lawrie Investments Limited** as at 31st March 2007 the related Profit & Loss Account for the year ended on that date and Cash Flow Statement annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Govt. of India in terms of sub-section (4A) of section 227 of the Companies Act 1956, as amended by Companies (Auditor's Report) (Amendment) Order, 2004, we enclose in the Annexure, a statement on the matter specified in paragraphs 4 & 5 of the said Order :

Further to our comments in the Annexure referred to above, we report that :

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;

- iii) The Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- iv) In our opinion, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report comply with accounting standards referred to in section 211 (3C) of the Companies Act, 1956;
- v) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007 and
 - b) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date and,
 - c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

6, Kiron Sankar Roy Road
Kolkata - 700 001.
Date : 29th June, 2007

For T. K. GHOSE &
CO.
Chartered Accountants
S. K. GUPTA
Partner
Membership No. 13413

Annexure to the Auditors' Report dated 29th June, 2007

1. (a) The Company has not granted any loan to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As informed, there was no company, firm or other party to be listed in the Register referred to in Section 301 of the said Act.
(b) The Company has not taken any loan from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. As informed, there was no company, firm or other party to be listed in the Register referred to the Section 301 of the said Act.
2. In our opinion and according to the explanations given to us there is an adequate internal control procedure commensurate with the size of the Company.
3. As informed, there was no Company, Firm or Other Party to be listed in the Register referred to in Section 301 of the Companies Act, 1956 and hence, there has been no transaction of purchase or sale of goods, materials and services made in pursuance of contracts or arrangements with any such party.
4. The Company has not accepted any deposits from the public and consequently the provisions of Section 58A of the Companies Act, 1956 and the rules made there under are not applicable to the Company.
5. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
6. (a) According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax, Cess and other statutory dues (to the extent applicable) have generally been regularly deposited during the year with the appropriate authorities.
(b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Excise Duty, Sales Tax, Customs Duty, Service Tax, Cess and other statutory dues which have remained outstanding as at 31st March, 2007 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us, there were no disputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other statutory dues as at 31st March, 2007.
7. In our opinion and according to the information and explanations given to us during the course of the audit, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
8. In our opinion and according to the information and explanations given to us during the course of the audit, the Company has not granted loans and advances on the basis of pledge of shares, debentures and other securities.
9. The Company is not carrying on the business of a chit fund and is also not a nidhi/mutual benefit fund/society.
10. Though the Company is a non-banking finance company under the Reserve Bank of India Act, 1934, it is not in the business of trading in securities, debentures and other investments, in terms of the notification issued by the Reserve Bank of India.
11. In our opinion and according to the information and explanations given to us during the course of the audit, the Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interests of the Company.
12. The Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Companies Act, 1956. As informed, there was no Company, Firm or Other Party to be listed in the Register referred to in Section 301 of the said Act.
13. The Company has not raised funds by way of issue of Debentures.
14. The Company has not raised any money during the year by public issue of shares.
15. According to the information and explanations given to us during the course of the audit, no fraud on or by the Company has been noticed or reported during the year.
16. No other clause of the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government, is applicable.

For T. K. GHOSE & CO.
Chartered Accountants

6, Kiron Sankar Roy
Kolkata - 700 001.
Date : 29th June, 2007

S. K. GUPTA
Partner
Membership No. 13413

Balmer Lawrie Investments Limited

Balance Sheet as at 31st March, 2007

Sources of Funds	Schedules	Rs.		As at 31st March, 2006	
		Rs.	Rs.	Rs.	Rs.
Sources of Funds					
Shareholders' Funds					
Share Capital	1	22,19,72,690		22,19,72,690	
Reserves and Surplus	2	15,94,88,899	38,14,61,589	13,86,72,420	36,06,45,110
			38,14,61,589		36,06,45,110
Application of Funds					
Investments	3		32,67,77,030		32,67,77,030
Net Current Assets					
Current Assets, Loans and Advances					
Cash and Bank Balances	4	9,96,14,582		7,53,47,631	
Loans and Advances	5	31,97,625		19,04,126	
		10,28,12,207		7,72,51,757	
Less : Current Liabilities and Provisions					
Current Liabilities	6	20,09,356		10,32,559	
Provisions		4,61,18,292		4,23,51,118	
		4,81,27,648		4,33,83,677	
Net Current Assets			5,46,84,559		3,38,68,080
			38,14,61,589		36,06,45,110
Notes on Accounts					
	9				
<i>Significant Accounting Policies</i>	10				

The Schedules referred to above form part of the Accounts

In terms of our report of even date attached herewith

For T. K. GHOSE & CO.
Chartered Accountants
S. K. GUPTA
Partner
Membership No. 13413
New Delhi, 29 June 2007

On behalf of the Board

S. K. Bandyopadhyay
Atul Kaushik
Dr. S. Banerjee
Suchindra Misra
Directors

P. K. Ghosh
Secretary

Balmer Lawrie Investments Limited

Profit and Loss Account for the year ended 31st March, 2007

	Schedules	Rs.	As at 31st March, 2006 Rs.
Income			
Other Income	7	9,76,56,427	5,88,84,280
Expenditure			
General Expenditure	8	35,84,061	30,93,808
Profit before Taxation		9,40,72,366	5,57,90,472
Provision for Taxation - Current		12,00,000	1,47,000
Provision for Taxation - Deferred		—	—
Profit after taxation		9,28,72,366	5,56,43,472
Balance Brought Forward		71,98,080	57,12,349
Available for Appropriation		10,00,70,446	6,13,55,821
Interim Dividend		2,21,97,269	—
Proposed Final Dividend		3,99,55,084	3,77,35,357
Corporate Tax on Dividend		99,03,534	52,92,384
Transfer to Reserve Fund		1,85,75,000	1,11,30,000
Balance Carried Forward		94,39,559	71,98,080
Earning per share (Rs.) [Basic & Diluted]		4.18	2.51
Notes on Accounts	9		
Significant Accounting Policies	10		

The Schedules referred to above form part of the Accounts

In terms of our report of even date attached herewith

For T. K. GHOSE & CO.
Chartered Accountants
S. K. GUPTA
Partner
Membership No. 13413
New Delhi, 29 June 2007

On behalf of the Board

S. K. Bandyopadhyay
Atul Kaushik
Dr. S. Banerjee
Suchindra Misra
Directors

P. K. Ghosh
Secretary

Balmer Lawrie Investments Limited

Schedules forming part of the Balance Sheet as at 31st March, 2007

		As at 31st March, 2006	
		Rs.	Rs.
SCHEDULE 1	SHARE CAPITAL		
Authorised			
2,50,00,000	Equity Shares of Rs. 10 each	<u>25,00,00,000</u>	<u>25,00,00,000</u>
Issued, Subscribed and Paid up			
2,21,97,269	Equity Shares of Rs. 10 each fully paid up	<u>22,19,72,690</u>	<u>22,19,72,690</u>
	*Out of the above, 2,21,47,269 Equity Shares of Rs. 10 each was allotted as fully paid shares pursuant to Scheme of Arrangement and Reconstruction between IBP Co. Ltd. and Balmer Lawrie Investments Limited and their respective shareholders and creditors in terms of Sections 391 to 394 of the Companies Act, 1956	<u>22,19,72,690</u>	<u>22,19,72,690</u>
SCHEDULE 2	RESERVES AND SURPLUS		
Capital Reserve		<u>10,53,04,340</u>	10,53,04,340
Balance available as per Scheme of Arrangement & Reconstruction between IBP Co. Ltd. and Balmer Lawrie Investments Limited and their respective shareholders and creditors in terms of Sections 391 to 394 of the Companies Act, 1956 on reconstruction of IBP Co. Ltd.			
Reserve Fund			
As per last Account	<u>2,61,70,000</u>	1,50,40,000	
Add : Transfer from Profit & Loss Account	<u>1,85,75,000</u>	<u>4,47,45,000</u>	<u>1,11,30,000</u>
Profit & Loss Account		<u>94,39,559</u>	<u>71,98,080</u>
		<u>15,94,88,899</u>	<u>13,86,72,420</u>
SCHEDULE	INVESTMENTS		
Long Term Investments			
Trade Investments			
Investment in Subsidiary Company			
Balmer Lawrie & Co. Ltd. (Quoted)			
Fully Paid up – as per Scheme of Arrangement & Reconstruction between IBP Co. Ltd. and Balmer Lawrie Investments Limited and their respective shareholders and creditors in terms of Sections 391 to 394 of the Companies Act, 1956.			
1,00,64,700 Equity Shares of Rs. 10 each		<u>32,67,77,030</u>	<u>32,67,77,030</u>
		<u>32,67,77,030</u>	<u>32,67,77,030</u>
Market value of Investments		<u>417,58,44,030</u>	<u>594,21,98,880</u>

Balmer Lawrie Investments Limited

Schedules forming part of the Balance Sheet as at 31st March, 2007

	CASH AND BANK BALANCES	As at 31st March, 2006
	Rs.	Rs.
SCHEDULE 4		
With Scheduled Banks		
In Current Accounts	2,77,682	13,77,883
In Short Term Deposit Account	9,77,70,210	7,33,55,850
In Dividend Accounts	15,66,690	6,13,898
	9,96,14,582	7,53,47,631
 SCHEDULE 5		
LOANS AND ADVANCES		
Advances		
Considered Good		
Unsecured		
Subsidiary Company		
Others	31,97,625	19,04,126
	31,97,625	19,04,126
 SCHEDULE 6		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
– Due to Others	4,42,666	4,18,661
Investor Education and Protection Fund shall be credited by the following amount :		
– Unclaimed Dividend [Refer Note below]	15,66,690	6,13,898
	20,09,356	10,32,559
Provisions		
Proposed Final Dividend	3,99,55,084	3,77,35,357
Taxation	61,63,208	46,15,761
(net of Advances – (Rs. 627159 (2005-06 - Rs. 687542)	4,61,18,292	4,23,51,118
	4,81,27,648	4,33,83,677

Note : There is no amount due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund.

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2007

	OTHER INCOME	As at 31st March, 2006
	Rs.	Rs.
SCHEDULE 7		
Income from Investments		
Dividend	9,05,82,300	5,53,55,850
Interest on Deposits [Tax deducted at source Rs. 1294034 (2005-06 – Rs. 564889)]	70,50,044	35,27,645
Interest on Income Tax Refund	24,044	785
Misc. Income	39	—
	9,76,56,427	5,88,84,280
 SCHEDULE 8		
GENERAL EXPENDITURE		
Salaries & Wages, Welfare Expenses	4,73,874	4,15,000
Contribution to Provident & Other Funds	39,609	41,033
Service Charges	13,20,960	10,20,000
Listing Fees & Other Fees	3,53,709	3,94,078
Bank Charges	673	1,113
Auditors' Remuneration and Expenses	36,508	33,468
Travelling Expenses	1,85,641	1,54,882
Printing and Stationery	4,66,571	3,86,244
Telephone, Telex, Postage, Cables and Telegrams	4,36,915	2,83,092
Miscellaneous Expenses	2,69,601	3,64,898
	35,84,061	30,93,808

Balmer Lawrie Investments Limited

Notes on Accounts

SCHEDULE 9

1. The Company is the holding company of Balmer Lawrie & Co. Limited (BL) by virtue of its acquiring 61.8% Equity shares of BL from IBP Co. Ltd., through a scheme of Arrangement and Reconstruction between IBP Co. Ltd., Balmer Lawrie Investments Limited and their respective shareholders and creditors in terms of Sections 391 to 394 of the Companies Act, 1956. The scheme became effective on 5 February, 2002 with an appointed date of 15 October, 2001.

2. 1,32,46,098 Equity Shares are held by President of India (including its nominees)

3. **Auditors' remuneration represent :**

Statutory Auditors	Rs.	Rs.
a) Audit Fees	16,854	11,224
b) Tax Audit Fees	5,618	5,612
c) Limited review and other certification jobs	14,036	16,632
	36,508	33,468

[Included Service Tax paid/payable amounting to Rs. 4008 (Rs. 3468)]

4. **Related party disclosure**

i) **Name of Related Party**

Nature of Relationship

Balmer Lawrie & Co. Limited (BL)	Subsidiary Company
Balmer Lawrie (UK) Ltd.	Wholly Owned Subsidiary of BL
Balmer Lawrie (Tea) Ltd.	Wholly owned subsidiary of Balmer Lawrie (UK) Ltd.
Transafe Services Ltd. (formerly known as Indian Container Leasing Company Limited)	An Associate on which the subsidiary of the Company is having significant influence
Balmer Lawrie-Van Leer Ltd.	- Do -
Balmer Lawrie (UAE) LLC.	- Do -
Avi Oil India (P) Ltd.	- Do -
Proseal Closures Ltd.	Subsidiary of Balmer Lawrie Van Leer Ltd.

ii) **Transactions/Balances with Related Parties**

Type of Transaction		Subsidiary (BL)
		(Rs.)
a) Value of Services Received	31/03/07	13,20,960
	31/03/06	10,20,000
b) Dividend Income	31/03/07	9,05,82,300
	31/03/06	5,53,55,850
c) Investment in Shares as on	31/03/07	32,67,77,030
	31/03/06	32,67,77,030
d) Outstanding Payable	31/03/07	61,709
	31/03/06	40,235

5. The Company holds 61.8% shares of Balmer Lawrie & Co. Ltd. (BL). However, since the control in BL is intended to be temporary because the Subsidiary (BL) has been acquired and held exclusively with a view to its subsequent disposal in future, Consolidated Financial Statement of the Company with BL has not been drawn in terms of para 11 (a) of Accounting Standard – 21 – Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

Notes on Accounts

SCHEDULE 9 (Contd.)

6. Segment Reporting

The Company's only business is investment in its subsidiary Balmer Lawrie & Co. Limited, and hence segment reporting as envisaged by Accounting Standard 17 issued by the Institute of Chartered Accountants of India is not applicable to the Company.

7. Earnings per share

- i) Earnings per share of the Company has been calculated considering the Profit of Rs. 9,28,72,366 as the numerator. (Previous year – Rs. 5,56,43,472).
- ii) The weighted average number of equity shares used as denominator is 2,21,97,269 (Previous year 2,21,97,269).
- iii) Earnings per share (Basic and Diluted) for the year on the above mentioned basis comes to Rs. 4.18 (Previous year - Rs. 2.51)

8. Miscellaneous Expenses (Schedule 8) represent :

	2006-07 Rs.	2005-06 Rs.
Statutory Publication	1,17,491	2,62,590
Gift & Presentation	92,204	62,140
Other Misc. Expenses	59,906	40,168
	2,69,601	3,64,898

9. Previous year's figures have been re-grouped or re-arranged wherever so required to make them comparable with current year figures.

Significant Accounting Policies

SCHEDULE 10

1. Valuation of Investments

The investments made by the Company appear at cost inclusive of acquisition charges. Provision is made for diminution in value, if any, considering the nature and extent of temporary/permanent diminution.

2. Recognition of Revenue

Revenue is recognised in compliance with the following :

- i) Dividend from investments – on establishment of the Company's right to receive.
- ii) Interest – on a time proportion basis taking into account the outstanding principal and the relative rate of interest.

3. Accounting for Borrowing Cost

Borrowing Costs, if any, that are directly attributable to the acquisition, construction or production of assets which take substantial period of time to get ready for its intended use are capitalised as part of the cost of these assets. Other Borrowing costs are recognised as expense in the period in which they are incurred.

In terms of our report of even date

For T. K. GHOSE & CO.
Chartered Accountants

S. K. Gupta
Partner

Membership No. 13413
New Delhi, 29 June 2007

On behalf of the Board

S. K. Bandyopadhyay
Atul Kaushik
Dr. S. Banerjee
Suchindra Misra
Directors

P. K. Ghosh
Secretary

Balmer Lawrie Investments Limited

Cash Flow Statement for the year ended 31st March, 2007

	Year ended March 31, 2007	(Rupees in lakhs) Year ended March 31, 2006
A. Cash flow from Operating activities		
Net profit before tax/ Operating Profit before		
Working Capital Changes	941	558
Trade and Other receivables	(13)	(9)
Trade Payables	—	1
Cash Generated from Operations	928	550
Direct Taxes paid	(11)	(4)
NET CASH FLOW FROM OPERATING ACTIVITIES	917	546
B. Cash flow from Investing activities	—	—
NET CASH FLOW FROM INVESTING ACTIVITIES	—	—
C. Cash flow from Financing Activities		
Dividend Paid	(590)	(219)
Corporate Tax on dividend	(84)	(32)
NET CASH FLOW FROM FINANCING ACTIVITIES	(674)	(251)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	243	295
CASH & CASH EQUIVALENTS – OPENING BALANCE	753	458
CASH & CASH EQUIVALENTS – CLOSING BALANCE	996	753

NOTES ON CASH FLOW STATEMENT		(Rupees in lakhs)
1. Component of Cash and Cash equivalent		
Cash and Bank Balances	<u>996</u>	<u>753</u>
	<u>996</u>	<u>753</u>
Changes	<u>243</u>	<u>295</u>

For T. K. GHOSE & CO.
Chartered Accountants
S. K. Gupta
Partner
Membership No. 13413
New Delhi, 29 June 2007

On behalf of the Board
S. K. Bandyopadhyay
Atul Kaushik
Dr. S. Banerjee
Suchindra Misra
Directors

P. K. Ghosh
Secretary

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code
 Balance Sheet Date
 Date Month Year

II. Capital raised during the year (Amount in Rs. Lakhs)

Public Issue
 Bonus Issue
 Rights Issue
 Private Placement

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Lakhs)

Total Liabilities Total Assets
 Sources of Fund
 Paid up Capital Reserves & Surplus
 Secured Loans Unsecured Loans
 Application of funds
 Net Fixed Assets Investments
 Net Current Assets Misc. Expenditure
 Accumulated Losses

IV. Performance of the Company (Amount in Rs. Lakhs)

Turnover Total Expenditure
 Profit/(Loss) Before Tax Profit/(Loss) After Tax
 Earning Per Share (in Rs.) Dividend Rate (%)

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)
 Product Description
 Item Code No. (ITC Code)
 Product Description
 Item Code No. (ITC Code)
 Product Description

On behalf of the Board

S. K. Bandyopadhyay
 Atul Kaushik
 Dr. S. Banerjee
 Suchindra Misra
 Directors

New Delhi
 29th June 2007

P. K. Ghosh
 Secretary

Balmer Lawrie Investments Limited

Statement Regarding Subsidiary Company

Pursuant to Section 212 (1) of the Companies Act, 1956

Balmer Lawrie & Co. Limited	Rs.
a) Holding Company's Interest : 1,00,64,700 Equity shares of Rs. 10 each fully paid up at cost	32,67,77,030
b) Net aggregate amount of Subsidiary's profit/(loss) not dealt with in the Holding Company's accounts :	
i) for the subsidiary's financial year ended 31st March, 2007	70,22,17,396
ii) for the previous financial years (cumulative)	111,25,27,800
c) Net aggregate amount of Subsidiary's profit/(loss) dealt with in the Holding Company's accounts :	
i) for the subsidiary's financial year ended 31st March, 2007	9,05,82,300
ii) for the previous financial years (Cumulative)	13,98,99,330

On behalf of the Board

S. K. Bandyopadhyay
Atul Kaushik
Dr. S. Banerjee
Suchindra Misra
Directors

P. K. Ghosh
Secretary

New Delhi the 29th June 2007

**Subsidiary Company –
BALMER LAWRIE & CO. LIMITED**

**Report & Annual Accounts for the
financial year ended 31 March, 2007**

Balmer Lawrie & Co. Ltd.

Directors' Report

Your Directors have pleasure in presenting their 90th Report for the financial year ended 31 March 2007, together with the audited Balance Sheet and Profit and Loss Account of your Company.

Overall Financial Results

	Financial Results of the Company Rs. in lakhs Year ended on 31 March		Consolidated Financial Results of the Company Rs. in lakhs Year ended on 31 March	
	2007	2006	2007	2006
Surplus for the year before Finance charge, depreciation & tax	12047	10064	15358	12757
Deduct therefrom : Finance charge & depreciation	1431	1979	3242	3624
Provision for Taxation	3594	3405	3795	3547
	<u>7022</u>	<u>4680</u>	<u>8321</u>	<u>5586</u>
Add transfer from : Profit & Loss Account	3450	1941	10299	8043
Add : Transfer from Lease Equalisation Reserve	—	—	4	6
Amount available for appropriation :	<u>10472</u>	<u>6621</u>	<u>18624</u>	<u>13635</u>
Appropriation : Proposed Dividend @ Rs. 13.50 per Equity Share (Previous year Rs. 9.00 per Equity Share)	2199	1466	2647	1561
Corporate Tax on Dividend	373	205	400	231
Transfer to General Reserve/ minority interest etc.	1500	1500	1568	1544
Surplus carried forward to next year	6400	3450	14009	10299
	<u>10472</u>	<u>6621</u>	<u>18624</u>	<u>13635</u>

Overview

In the year 2006–2007 your Company achieved significant milestones by recording all time highs in various financial performance, which *inter-alia* include turnover, profit before tax as also profit after tax, rate of dividend and earning per share, thus delivering immense shareholder value.

The salient features of the financial performance for 2006–2007 as compared to previous year are as follows :

- n Overall turnover of the Company has gone up by 3.8% over previous year and crossed Rs.1300 crores.
- n Profit before tax has crossed Rs. 100 crore mark, which is an increase by 31% over previous year.
- n Profit after tax and earning per share have increased by 50% over previous year.

It is a matter of great pleasure to state that on 16 November 2006

your Company was declared as Mini Ratna Category I company by the Government of India.

Dividend

A dividend of Rs. 13.50 per equity share of Rs. 10 each for the year ended 31 March 2007 has been recommended by your directors for your declaration at the ensuing annual general meeting to be held on 25 September 2007, as against Rs.9 per equity share for the previous year.

Management Discussion and Analysis

An analytical report on the businesses of your Company is furnished along with this report under the heading “Management Discussion and Analysis”.

Report on Subsidiaries Balmer Lawrie (UK) Ltd. (BLUK)

The main business activity of the wholly owned subsidiary (WOS) during the year was leasing and hiring of marine freight containers.

The business in the marine freight container industry has generally been in line with the preceding year in terms of both daily rentals and utilisation rates. Increased global trade and a fair amount of consolidation as witnessed in this industry are expected to maintain the same trend in the coming year save and except the effect of ageing fleet of containers. The financial position of BLUK at the end of the year is considered reasonable.

Balmer Lawrie (Tea) Ltd. (BLT)

The main business activity of the subsidiary has been blending, packing and warehousing of tea. This operation has shown a significant upswing in volume and a marginal improvement in turnover. However, due to unabated competitive pressures and increasing costs the financial performance continues to be extremely challenging. The subsidiary continues to be primarily dependent on Harrods Limited, which in turn is reliant on the tourist trade and off take by their Japanese partners. While the tourist inflow has shown some signs of improvement, export of their products to Japan continues to be erratic and year on year sales are significantly lower. The subsidiary has tried to offset this by picking up large volume of contract packing business with a major tea packing company. Besides contributing to a reduction in the loss for the year, this has improved the volume and turnover. However, margins are extremely tight and in view of the circumstances the financial performance of the subsidiary is considered reasonable.

An in-depth analysis of financial performance of both the subsidiaries vis-a-vis the prevailing market scenario reveals that while BLT is expected to marginally improve its financial performance in the short term, it will remain burdened with borrowings and no significant turn around is expected in the medium to long term. Whereas BLUK shall continue to be debt free, its performance in terms of profit shall tend to decline due to its ageing fleet of containers. Considering the aforesaid prospect of the above subsidiaries, it has been thought prudent not to continue with two separate legal entities e.g. BLUK and BLT and merge back the tea activity of BLT with BLUK. Such merger has been effected with effect from 1 April 2007.

Exemption from attaching accounts of subsidiaries

The Ministry of Company Affairs (MCA), New Delhi, vide their approval no. 47/118/2007-CL-III dated 17 April 2007 has exempted your Company from attaching the Annual Accounts of Balmer Lawrie (UK) Ltd, the wholly owned subsidiary of your Company and Balmer Lawrie (Tea) Ltd, a wholly owned subsidiary of Balmer Lawrie (UK) Ltd. for the year ended 31 March 2007 with its Annual Accounts for the same period. However such accounts have been duly consolidated in terms of applicable Accounting Standards.

Report on Joint Ventures

AVI-OIL India (P) Ltd. (AVI-OIL)

During 2006-2007 there was a marginal improvement in net sales as compared to the previous year. However, there was a marginal decline in profit mainly due to comparatively unfavourable product mix and increase in employee cost arising out of long term settlement.

A notable break through during the year was the award of the rate contract for three years by a major Indian customer for seven large volume products enabling the joint venture to efficiently plan its production schedule leading to better inventory management in the

plan its production schedule leading to better inventory management in the coming years. The Joint Venture was able to sustain its business with continued validation of approvals of the Company's Quality Assurance Organisation by the Director General of Aeronautical Quality Assurance, Ministry of Defence and the Director General of Civil Aviation, which was further supported by product "Type Approvals" from the Centre for Military Airworthiness & Certification, Ministry of Defence.

Balmer Lawrie-Van Leer Ltd. (BLVL)

During the year under review BLVL achieved an increase in net sales and other income from Rs.85.83 crores to Rs. 103.32 crores representing an increase of 20% over the last year. In value terms the domestic sales grew by 21% whereas exports increased by 14%. However, runaway increase in steel and polymer prices, the basic raw materials for BLVL, more particularly during the 1st half of the year, resulted in squeezing of the margins as the increase in cost could not be passed on completely to the customers. Consequently there was an adverse impact on the bottom line with the net profit being marginally lower at Rs.555.71 lacs as against Rs.633.85 lacs in the last year.

BLVL has, however, started working on expansion of capacity of all its primary products i.e. steel closures and plastic drums aimed towards profitable growth in the coming years.

Transafe Services Limited (TSL)

Indian Container Leasing Company Limited has been renamed as Transafe Services Limited with effect from 30 March 2006. The erstwhile container leasing activity has now become a Strategic Business Unit (SBU) called Indian Container Leasing Division. The other SBUs are Glacio Cold Chain Logistics, Indo Trailer Logistics and Creative Container Division.

The total turnover of TSL for the financial year ended 31 March 2007 has recorded a growth of approx. 98% and with the formation of above SBUs and further with Leave and License arrangement entered into with your Company for operation of its Speciality Container Division, Coimbatore, TSL is expected to maintain its momentum of profitable growth.

Balmer Lawrie (UAE) LLC (BLUAE)

Balmer Lawrie (UAE) LLC maintained its turnover during the year 2006 despite difficult market condition, intense competition and pricing pressures. Customers resistance to price increase continued and margins were under constant pressure.

There are challenges ahead for showing growth in turnover, volumes and profitability in view of the ever increasing competitive pressure, the prevailing geo political situation in the region and unhealthy competition within the customers market segments. The prices of the main raw materials viz. CR steel, Tinplate and HDPE are also of late showing an upward trend.

However, BLUAE continues to retain its dominant position and market share by maintaining customer satisfaction at a high level by fulfilling the customers needs and expectations. BLUAE also strives to maintain high business ethics and dependability as a reliable supplier at all times. BLUAE also continues to upgrade its facilities and increase its capacities apart from enlarging the product range through continuous investments.

Balmer Lawrie & Co. Ltd.

Memorandum of Understanding (MoU)

Your Company, on an annual basis, enters into an MoU with the Government of India at the Ministry of Petroleum and Natural Gas detailing therein various targets on operational, financial and efficiency parameters besides matters like customer satisfaction, quality and human resource development. The targets so agreed upon are evaluated by Department of Public Enterprises, Government of India (DPE) and it is a matter of great pride to report that your Company has obtained the highest rating viz. "excellent" for the financial year 2005-2006. Result of MoU signed for the financial year 2006-2007 is yet to be announced, by DPE.

Human Resource Management

Your Company has continually endeavoured to upgrade the skill and competencies of the employees. Accordingly, substantial number of employees has been exposed to training and development activities during the year. Efforts are also under way to align HR policies and processes to the imperatives of each of the businesses of the Company towards enhancing their competitiveness.

Employee Relation

Employee relations remained cordial throughout the year. Long term settlements covering the terms and conditions of service of unionised employees were signed in Kolkata, Mathura and Mumbai. Discussions are in advanced stage for finalisation of settlements in other locations.

Implementation of "The Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995"

Your Company has taken initiative to comply with the mandate contained in the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995.

Implementation of Official language

Your Company follows the Government directives with respect to implementation of official language policy.

Welfare of Weaker Sections

Your Company has taken a policy decision to earmark upto 0.5% of the net profit towards various programmes aimed at helping the weaker sections of the society. To achieve this objective, your Company has initiated a number of community development programmes in collaboration with reputed Non-Governmental Organisations.

Your Company has also taken measure to ensure that sufficient representation is provided in employment to persons belonging to SC/ST/OBC/Minority community etc. including women.

Global Compact

Your Company is a founder member of the Global Compact Society. The Company has reaffirmed its commitment to the principles enunciated in the charter of the Global Compact. The manufacturing units of your Company have already made good stride in complying with ISO 14000 dealing with environmental standard. Some of the units are presently engaged in implementing OHSAS dealing with occupational health and safety. 'Communication on progress' in this endeavour has been hosted in your Company's web site.

Vigilance

The Vigilance department has been strengthened further with induction of additional officers during the financial year 2006-07. Officials of the organisation are sensitized by organizing workshops to achieve total transparency in dealing with different stakeholders of the organisation. Vigilance took initiatives to update existing rules, procedures, systems and/or to frame new rules, wherever required, to sustain quantum jump in business with equity, fairness and transparencies. Preventive Vigilance is set as top priority of the department and it is also felt necessary to apprise employees of the organisation about the menace of corruption and inspire them to transact business with honesty, without fear and favour. Such endeavour of vigilance department has been well appreciated and these efforts will continue for creation of a congenial atmosphere with better interaction among the officers and vigilance department. Vigilance Awareness Week was observed in November 2006 when suppliers, customers, dealers etc were apprised of the grievance redressal procedure and Company policy on transparency.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings

As required under Section 217 (1) (e) of the Companies Act, 1956, ("the Act") read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the information is annexed.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Act, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the accounts for the financial year ended 31 March 2007, the applicable accounting standards have been followed and there was no departure from such standards;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31 March 2007 and of the profit of the Company for the said financial year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31 March 2007 on a 'going concern basis'.

Consolidated Financial Statement

Consolidated financial statements of your Company, with Balmer Lawrie (UK) Ltd., the wholly owned subsidiary of your Company and Balmer Lawrie (Tea) Ltd., a wholly owned subsidiary of Balmer Lawrie (UK) Ltd. and share of four joint venture companies i.e. AVI-OIL, BLUAE, BLVL and TSL have been prepared as per Accounting Standards 21 and 27 issued by the Institute of Chartered Accountants of India and have been provided with this Annual Report according to the requirements of Clause 32 of the Listing Agreement with the Stock Exchanges.

Report on Corporate Governance

A detailed report on the Corporate Governance is also furnished with this Report as required under Clause 49 of the Listing Agreement with the Stock Exchanges along with the Auditor's certificate, thereon.

Particulars of Employees

During the financial year under review, the Company did not have any employee who received remuneration of Rs. 24,00,000 or more per annum or at a rate of Rs. 2,00,000 or more per month. Therefore, the disclosure under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, has not been made.

Directors

On 20 January 2005 Shri V N Sharma was inducted into the board of your Company as a whole time director, the initial appointment of Shri Sharma was as an additional director which at the 88th Annual General Meeting of the Company held on 23 September 2005 was affirmed by the shareholders. At the 90th Annual General Meeting scheduled to be held on 25 September 2007, an ordinary resolution has been proposed for re-appointment of Shri Sharma, who retires by rotation and is eligible to offer himself for re-appointment.

On 19 February 2007, Shri A Kaushik was appointed an additional director, as a nominee of Ministry of Petroleum and Natural Gas, Government of India. He shall hold office up to the date of the ensuing Annual General Meeting as per Section 260 of the Act. A notice under Section 257 of the Act has been received proposing the candidature of Shri Kaushik as a director of your Company. An ordinary resolution under special business has been proposed for appointment of Shri Kaushik as director, whose period of office shall be subject to determination by retirement of directors by rotation.

Shri A K Jain, who was appointed a director of the Company on 29 September 2003 as a nominee of Ministry of Petroleum and Natural Gas, had vacated in favour of Shri Kaushik on the Board of your Company with effect from 19 February 2007. The Board places on record its deep appreciation for the valuable services rendered by Shri Jain during the tenure of his directorship in your Company.

Auditors

Your Company being a government company, auditors are appointed or reappointed by the Comptroller and Auditor General of India in terms of Section 619 of the Act. The remuneration of the Auditors for the year 2007-08 may be determined by the members at the ensuing Annual General Meeting as per Section 224(8)(aa) and Section 619 of the Act.

Auditors' Report

The statutory auditors have opined that the present internal audit system as conducted in a phased manner is generally commensurate with the size and nature of the Company's business, though there is room for further improvement. The Branch Auditor of New Delhi region has reported that internal audit is required to be further strengthened so as to make it fully commensurate with the size of operations and nature of its business.

Your directors would like to state that the scope of internal audit was strengthened during the year. Further, the management of the Company, as a routine practice, reviews its internal audit programme on a yearly basis and effects modifications/ improvements as deemed fit.

Acknowledgement

Your directors wish to place on record their appreciation for all the employees working at different levels for their sincere co-operation, dedication, commitment, hard work and bringing-in positive work culture which contributed in abundant measure to meet the challenges being encountered by the Company.

Your directors also express sincere thanks to all the customers, business associates/consultants, bankers, auditors, solicitors and lawyers for their continued patronage, partnership and confidence reposed in the Company to achieve commendable results.

Your directors take this opportunity to record their sincere thanks to the Ministry of Petroleum and Natural Gas, Government of India, for the valuable guidance, support and co-operation extended from time to time.

Finally, your directors express their gratitude to you as shareholders for the confidence reposed in the Management of your Company.

Registered Office :
Balmer Lawrie House
21 Netaji Subhas Road
Kolkata 700 001
16th August 2007

On behalf of the Board of Directors

S K Mukherjee *Managing Director*
P Radhakrishnan *Whole-time Director*

Balmer Lawrie & Co. Ltd.

INFORMATION AS PER 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 DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2007

1. CONSERVATION OF ENERGY

a) Energy conservation measures taken

Keeping with the Company's commitment to be an environmentally responsible entity and in view of the increasing cost of energy, the Company makes continuous efforts towards conservation of energy. Some of the measures taken during the year were:

- 1 Environment Management System (ISO 14000) Certification was achieved in Leather Chemicals Plant, Chennai.
- 1 Energy Audit was conducted in Sewree and Silvassa Plants of SBU-Industrial Packaging
- 1 Electricity and fuel consumption per unit of production were monitored regularly at all manufacturing plants and corrective actions taken as needed.

b) Additional investment proposal for conservation of energy

- 1 Based on Energy Audit getting conducted on select plants/offices cost benefit analysis is being made for investments vis-à-vis savings through energy conservation.

c) Impact of the above on cost of production

Above measures have helped in containing the cost of energy per unit of production, despite steep increases in fuel and power costs during the year.

d) Total energy consumption and energy consumption per unit of production

Information on energy consumption is provided in the annexed Form A.

TECHNOLOGY ABSORPTION :

e) Efforts made in Technology Absorption

Information on technology absorption is given in the annexed Form B.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

- f) Response in the export market continues to be buoyant for Leather Chemicals and Greases & Lubricants. Further, development of markets for exports has been taken up and specific export plans have been taken up. With various new initiatives being pursued, the export performance for Leather Chemicals and also Greases & Lubricants is expected to improve.

g) Total foreign exchange used and earned :

		Rs. in Crores
Total Foreign Exchange used	:	134.65
Total Foreign Exchange earned	:	12.67

Note : Particulars of foreign exchange used/earned during the year given under clauses 15.15(a), 15.15(b) and 15.15(c) of Schedule 15 of Notes on Accounts.

FORM - A

Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power & Fuel Consumption

	2006-07 Current Year	2005-06 Previous Year
1. Electricity		
(a) Purchased		
Units ('000 kwh)	8,599	9,088
Total amount (Rs. Lakhs)	365.58	387.49
Rate/Unit (Rs./kwh)	4.25	4.26
(b) Own generation		
(i) Through diesel generator		
Units ('000 kwh)	597	265
Units per ltr. of diesel oil	2.62	2.09
Cost/unit (Rs./unit)	12.76	13.11

Balmer Lawrie & Co. Ltd.

		2006-07 Current Year	2005-06 Previous Year
(ii) Through steam turbine/generator Units	}		
Units per ltr. of fuel oil/gas		N.A.	N.A.
Cost/unit			
2. Coal			
Quantity (tonnes)	}	N.A.	N.A.
Total Cost			
Average Rate			
3. Furnace Oil			
Quantity (k. ltrs.)		1632	1,312
Total amount (Rs. Lakhs)		449.80	266.84
Average Rate (Rs./Kl)		27,550	25,040
4. Other/Internal Generation			
Quantity (Rs. Lakhs)	}		
Total Cost		N.A.	N.A.
Cost/unit			
B. Consumption per unit of production			
		2006-07 Current Year	2005-06 Previous Year
Lubricating greases			
1 Electricity (kwh/mt-kl)		82	85
1 Furnace Oil (ltrs./mt-kl)		18	20
Barrels & Drums			
1 Electricity (Kwh/Unit)		1.78	1.83
1 Furnace Oil (ltrs./Unit)		0.46	0.38
Synthetic Fat Liquors			
1 Electricity (kwh/Unit)		212	170
Syntans			
1 Electricity (kwh/mt)		227	381

Notes :

1. Figures represent energy consumption in the manufacturing units of SBUs Industrial Packaging, Greases & Lubricants and Leather Chemicals.
2. Figures are based on equivalent units of production.
3. Increases in furnace oil usage per equivalent unit of production in Barrels and electricity usage for Synthetic Fat Liquors are attributable to variations in product mix and changes in production processes.

FORM - B
Form for Disclosure of Particulars with respect to Technology Absorption

I. RESEARCH & DEVELOPMENT

1) Specific Areas in which R&D work has been carried out by the Company

- 1 R&D Work has been carried out in development of lubricants, leather chemicals and industrial packaging.
- 1 In lubricants (Greases and Lubricating oils), the thrust of R&D was in development & commercialization of certain high volume products as also speciality lubricants for certain niche markets including eco-friendly products. Based on R&D efforts a number of new superior performance products were developed for application in Steel sector, Railways, Automobile sector etc. R&D efforts also helped in export initiatives.
- 1 In Leather Chemicals, the thrust of development had been towards high performance fat liquors for sophisticated leather segments and on a range of polymeric syntans.
- 1 Development of value added barrel variants (ISO drums) etc..

2) Benefits derived as a result of the above

- 1 R&D efforts in lubricants and leather chemicals have helped the Company to introduce new product ranges as also to remain cost effective in existing products thereby helping the respective SBUs to remain competitive.
- 1 R&D efforts in Industrial Packaging would help the Company to augment its portfolio of speciality barrels and retain technological leadership in the industry.

3) Future Plan and action

R&D and technological up-gradation is one of the key objectives of the Company. The efforts in R&D are directed at maintaining technological & cost leadership leading to customer satisfaction through:

- 1 Value engineering of existing product ranges
- 1 Development of new ranges of speciality/high performance products in lubricants & leather chemicals and also value added industrial packaging applications.
- 1 Development of systems and equipment to aid in cost effective manufacturing etc.

4) Expenditure on R&D

	Rs. in Lakhs	
	2006-07	2005-06
Capital	30.54	5.87
Revenue	190.74	163.05
Total	221.28	168.92
Total R&D expenditure as percentage of turnover	0.17	0.13

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATIONS

a) Efforts in brief made towards the above

- 1 Products and processes developed through in-house R & D have been internally absorbed by the manufacturing units for commercialisation.

b) Benefits derived

- 1 Partly off-setting the increase in cost of production despite steep increases in prices of key raw material and other inputs.
- 1 Augmentation of Company's products basket in target market segments leading to addition of new customers and retention of existing customers.
- 1 Increased competitiveness & customer satisfaction.
- 1 Foray into Export Market

c) Import of technology (imported during the last 5 years reckoned from the beginning of the financial year)

- i) Technology imported : Not Applicable
- ii) Year of import : Not Applicable
- iii) Has technology being fully absorbed? : Not Applicable
- iv) If not absorbed, areas where this has not taken place. : Not Applicable
Reasons there of and future plan of action.

Report on Corporate Governance
[Forming Part of the Directors' Report for the year 2006-07]

Philosophy

A stakeholder-caring, environment friendly, transparent Company with high ethical standards in dealing with shareholders, customers, suppliers, employees and all other stakeholders.

Board of Directors

The Board of Directors consists of Shri S K Mukherjee, Shri P Radhakrishnan, Shri V N Sharma, Shri K Subramanyan, Shri M Singh and Shri A Kaushik.

Shri S K Mukherjee

Managing Director

Shri Mukherjee has been appointed Managing Director by Government of India, on 1 April 2005 and was further re-appointed at the 89th Annual General Meeting held on 21 September 2006. He has been serving the Company in various capacities since January 1976. He is member of the following Committees of the Company : Board Sub-Committee, Audit Committee, Shareholder's/Investor's Grievance Committee and Share Transfer Committee.

He also holds the position of non-executive director in the following

1. Balmer Lawrie-Van Leer Limited
2. Balmer Lawrie (UK) Limited
3. Balmer Lawrie (Tea) Limited
4. Balmer Lawrie (UAE) LLC
5. Proseal Closures Limited
6. Bengal Chamber of Commerce and Industry.

Shri P Radhakrishnan

Wholetime Director

Shri Radhakrishnan has been appointed Director on 11 March 2003 by Government of India and was further re-appointed at the 88th Annual General Meeting held on 23 September 2005. He is mainly responsible for service related strategic business units of the Company. He is member of the following Committees of the Company: Board Sub-Committee, Audit Committee, Shareholders'/Investors' Grievance Committee and Share Transfer Committee.

He has been serving the Company in various capacities since February

He also holds the position of non-executive director in the following

1. Balmer Lawrie (UK) Limited
2. Balmer Lawrie (Tea) Limited
3. Balmer Lawrie (UAE) LLC

Shri V N Sharma

Wholetime Director

Shri V N Sharma has been appointed director by Government of India on 20 January 2005. He is responsible for mainly manufacturing related strategic business units of the Company.

Shri Sharma retires by rotation and being eligible offers himself for reappointment. A resolution for his re-appointment, as an ordinary business is proposed to be considered at the 90th Annual General Meeting.

ordinary business is proposed to be considered at the 90th Annual General Meeting.

He has been serving the Company in various capacities since February

He also holds the position of non-executive director in the following

1. Balmer Lawrie Van Leer Limited
2. Transafe Services Limited
3. Avi-Oil India (P) Ltd.

Shri K Subramanyan

Wholetime Director

Shri Subramanyan has been appointed director by Government of India on 30 December 2005. He has been serving the Company in various capacities since February 1980.

He also holds the position of non-executive director in Transafe Services Ltd.

Shri M Singh

Government Nominee Director

Shri M Singh, IAS has been appointed as non-executive director as nominee of the Ministry of Petroleum and Natural Gas, Government of India on 21 February 2006.

He also holds directorship in Bongaigaon Refinery & Petrochemicals

Shri A Kaushik

Government Nominee Director

The Government of India, Ministry of Petroleum and Natural Gas appointed Shri Kaushik as a nominee director. He was accordingly appointed additional director of the Company on 19 February 2007. At the 90th Annual General Meeting an ordinary resolution is proposed to be considered as a special business by the members for appointment of Shri Kaushik as non-executive director.

Attendance of directors at the Board Meeting held during April 2006 to July 2007 and at the last Annual General Meeting held on 21 September 2006.

Name of the Director	Number of Board meeting		Attended the last annual general meeting held on 21 September 2006
	Eligible to attend	attended	
Shri S K Mukherjee	10	10	Yes
Shri P Radhakrishnan	10	10	Yes
Shri V N Sharma	10	10	Yes
Shri K Subramanyan	10	10	Yes
Shri M Singh	10	6	No
Shri A Kaushik	4	3	N.A.*

*Shri A Kaushik was inducted on the Board with effect from

Note:

During April 2006 to July 2007 the board meetings were held on 6 June 2006, 31 July 2006, 25 August 2006, 21 September 2006, 23 October 2006, 25 January 2007, 19 February 2007, 30 March 2007, 14 June 2007 and 25 July 2007.

Balmer Lawrie & Co. Ltd.

Audit Committee

The terms of reference of Audit Committee is at par with the Listing Agreements and the Companies Act, 1956, which *inter alia* include review of the financial reporting, making recommendations in regard to the internal audit assignments, reviewing the quarterly and annual financial statements, besides considering the adequacy of internal control and effectiveness of various systems. The Committee has been re-constituted in June 2007 due to resignation of Shri A K Jain, Chairman of the Committee. Now the Committee consists of Shri M Singh, Chairman; Shri S K Mukherjee, Shri A Kaushik and Shri P Radhakrishnan as three other members. The Committee during April 2006 to July 2007 met six times viz. on 6 June 2006, 31 July 2006, 23 October 2006, 25 January 2007, 14 June 2007 and 25 July 2007. All the concerned Committee members were present in all the meetings except Shri Jain who attended two meetings out of four meetings.

Shareholders'/ Investors' Grievance Committee

This Committee has also been re-constituted in June 2007 due to resignation of Shri A K Jain, Chairman of the Committee and such vacancy has been filled up by Shri M Singh. Now the Committee consists of Shri M Singh, Chairman whereas Shri S K Mukherjee and Shri P Radhakrishnan are the other two members. On 14 June 2007 the re-constituted Committee had met and took on record the status of investors' services being rendered by the Company. The terms of reference of the Committee is in terms of the Listing

Shri Ranjan Mukherjee designated as General Manager (Legal) and Company Secretary, was the Compliance Officer of the Company, who, on resignation, had been released from the services of the Company with effect from the close of business hours of 29 June 2007 and had accordingly ceased to be Compliance Officer with effect from 30 June 2007. The Company has since taken Shri Amit Ghosh as Company Secretary with effect from 13 August 2007 and Shri Amit Ghosh has been nominated as Compliance Officer from the said date. In between i.e. during 30 June 2007 to 12 August 2007, Shri S K Mukherjee was acting as Compliance Officer.

The Company during 1 April 2006 to 30 June 2007 received nine investor complaints which had all been resolved. Necessary disclosure in this regard in terms of Clause 41 of Listing Agreements has been made while publishing the quarterly results.

The Company has created an exclusive e-mail ID viz. blsharegrievance@balmerlawrie.com to enable the investors lodge their complaints/grievance, if any.

Summarised information on Complaints Received & Resolved during the period April 2006 to March 2007

Nature of the Communication	General Communication	Complaints
Non-receipt of share certificates lodged for transfer	19	4
Non-receipt of share certificates on sub-division, consolidation, duplicate and renewal of share certificates	3	0
Loss of share certificates	2	0
Transmission, Registration of power of attorney, death, marriage certificates etc.	13	0

Non-receipt of dividend	33	1
Revalidation/Fresh issue of Dividend Warrants	106	0
Change of address	20	0
Details of Electronic Clearance System or mandates or Bank details	7	0
Request for nomination	0	0
Queries from SEBI	0	3
Queries from CLB, Stock Exchanges	0	0
Queries from RBI, Income Tax	0	0
Legal notices/cases	0	0
Miscellaneous	39	0
Total	242	8

Note : No other grievances were received from the shareholders during this

Share Transfer Procedure

The Share Transfer Committee governs the physical share transfer related activities and meets on every Monday and Thursday. On 12 February 1996 the Board had delegated authority to the Committee which is now comprised of Shri S K Mukherjee, and Shri P Radhakrishnan.

Review of Registry Function

A monthly audit report in regard to the review of share transfer process and registry function is furnished to the board of directors in all its meetings, as per clause 47(a) of the Listing Agreement. Monthly audit of the physical share transfer process is carried out by a Practising Company Secretary to ensure compliance of clause 47(c) of the Listing Agreement. The Company has complied with the requirement of clause 47(c) of the listing agreement with the Stock Exchanges as on 30 September 2006 and 31 March 2007.

The Company conducts a monthly review on the functions of the registrar and share transfer agent for upgrading the level of service to the shareholders. Monthly review is also conducted on the response to the shareholders pertaining to their communication and grievances, if any, besides stock reconciliation of blank share certificates and unused dividend warrants and status of dematerialization of shares.

A shareholder's satisfaction survey was conducted in 2006. Responses reflected that the services to the shareholders are by and large satisfactory. As the Company is committed to persistently improve and raise the standard of service delivery to shareholders, a self addressed postage prepaid response sheet is circulated along with this Annual Report to encourage shareholders in providing response.

Secretarial Audit

To ensure greater monitoring and timely reporting on the legal compliance of major corporate laws and listing requirements, annual Secretarial Audit was introduced from the financial year ended 31 March 2001.

A Practising Company Secretary conducted secretarial audit for the financial year ended 31 March 2007. The report reveals inter-alia that the Company has complied with all the applicable provisions of the Companies Act, 1956 and the listing requirements.

Legal Compliance Audit

The Company has conducted legal compliance audit for the year 2006 to check the quality of compliance of all applicable laws under which the Company and its Strategic Business Units operate. The Board reviewed the report of such legal compliance audit and found the same as satisfactory.

Board Procedure

The Board of Directors meets with appropriate notice and agenda papers in a defined agenda format, which are circulated in advance to the Directors. All proposals to the Board in the form of Board Notes are prepared at the senior management level and are placed after being vetted by the Managing Director and concerned Whole-time Director besides obtaining concurrence of the Director (Finance), wherever the proposals involve financial

Agenda papers are made in such form so that it facilitates meaningful and focused deliberations at the meeting. Where it is not practicable to attach any document in the agenda papers, the same is placed on the table at the meeting with specific reference to this effect in the agenda. In exceptional circumstances, and matters having sensitivity, additional items on the agenda are submitted directly to the Board without written material being circulated in advance.

Payment of Dividend through Electronic Clearing Services (ECS)

As per Circular issued by Securities and Exchange Board of India

(Circular no. DCC/FITT/CIR/-3-2001 dated 15 October 2001) the Company has to use ECS for payment of Dividend, wherever available. Requests have been made like in earlier years to the shareholders for adoption of ECS facility. It is proposed that the shareholders located at major cities may obtain their dividend through ECS to enable the Company to reduce costs of payment through

Transfer of unclaimed amount of dividend to the Investor Education and Protection Fund

In terms of Section 205C of the Companies Act, 1956, it is mandatory to deposit the amount lying in the unpaid dividend account of the Company as unclaimed, to the Investor Education and Protection Fund established by the Central Government, after seven years.

Accordingly, the unclaimed dividends, which were lying in the 'unpaid dividend account' of the Company, for the financial year 1998-99 and unclaimed interim dividend for the financial year 1999-00 have been deposited to the "Investor Education and Protection Fund" of the Central Government, by the Company on 14 November 2006 and 5 June 2007 respectively.

The details of unclaimed dividends remaining unclaimed till seven years from the date of payment of dividend, which may be required to be transferred in future to the Investor Education and Protection Fund by the Company are as below:

(Contd. in the next column)

Date on which Dividend was paid	Pertaining to Financial Year	Total Amount of Dividend (Rs.)	Amount of Dividend declared per share (Rs.)	Amount of Unclaimed Dividend as on 31 July 2007 (Rs.)	% of Unclaimed Dividend on the total Dividend	Due date of transfer to Investor Education and Protection Fund
2 November 2000	1999-00 (Final)	1,62,86,081	1.00	1,99,904.50	1.22	2 November 2007
28 September 2001	2000-01	2,44,29,122	1.50	2,55,444.30	1.04	28 September 2008
3 October 2002	2001-02	2,93,14,946	1.80	3,41,450.80	1.16	3 October 2009
1 October 2003	2002-03	5,04,86,851	3.10	5,68,890.30	1.12	1 October 2010
1 October 2004	2003-04	5,70,01,284	3.50	5,22,055.30	0.91	1 October 2011
29 September 2005	2004-05	8,95,73,446	5.50	8,36,033.00	0.93	29 September 2012
25 September 2006	2005-06	14,65,74,729	9.00	12,84,324.00	0.87	25 September 2013

The Company has filed with the Registrar of Companies, West Bengal, the following quarterly statements duly certified by a Practicing Company Secretary regarding the amount due and credited to the

credited to the Investor Education & Protection Fund for the quarters ended during 1 April 2006 to 30 June 2007:

Quarter ended on	Due date of Compliance	Date of Compliance
30 June 2006	5 July 2006	4 July 2006
30 September 2006	5 October 2006	4 October 2006
31 December 2006	5 January 2007	4 January 2007
31 March 2007	5 April 2007	2 April 2007
30 June 2007	5 July 2007	5 July 2007

Balmer Lawrie & Co. Ltd.

General Body Meetings

Location, Time where last three Annual General Meetings (AGMs) were held and details of Special Resolution passed in the said AGMs :

Date & Time	Venue	Type of Meeting	Special Resolution passed
21 September 2006 at 10.30 a.m.	G. D. Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata - 700 019	The 89th Annual General Meeting (AGM)	Nil
23 September 2005 at 10.30 a.m.	Same as above	The 88th AGM	<ul style="list-style-type: none"> n Delisting of Equity Shares of the Company from the Stock Exchange Exchange - Ahmedabad, Madras Stock Exchanges Ltd., The Delhi Stock Exchanges Association Ltd., and The Calcutta Stock Exchange Association Ltd. n Insertion of new Article 20, in place of existing Article 20 in the Articles of Association of the Company. n Change of place of preservation of Register of Members of the Company due to shifting of office of the Registrar.
24 September 2004	Same as above	The 87th AGM	Nil

Disclosures

- a) There was no materially significant related party transaction executed during the financial year ended 31 March 2007 as required to be disclosed under Clause 49 of the Listing Agreement, except as has been mentioned under Clause 15.22(i) and (ii) of Schedule-15 as Notes on the Annual Accounts which were all carried out at arm's length basis and all disclosures have been made in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India.
- b) There was no non-compliance by the Company on capital market related matters and no penalty or stricture has been imposed on the Company by the stock exchanges or SEBI or any other statutory authorities during the financial year ended 31 March
- c) The Company has introduced a Code for Prohibition of Insider Trading in March 2003. Governance of the Code is done by the Compliance Officer.
- d) The Company has filed all the returns, documents and forms within statutory time with the Registrar of Companies, West Bengal, as required under various provisions of the Companies
- e) The Company has obtained Certificate from the Statutory Auditors on compliance of Clause 49 of the Listing Agreement and a copy of such Certificate is attached to this report.
- f) The CEO (Managing Director) and the CFO [Director (Finance)] have jointly certified to the Board, with regard to reviewing the financial statements, cash flow statements and effectiveness of internal control and other matters as required under clause 49 of the Listing Agreement.
- g) Formation of a Remuneration Committee is a non-mandatory requirement of the Listing Agreement. The Company is a government company within the meaning of Section 617 of the Companies Act, 1956 and all the Whole-Time Directors are

Presidential appointees; their remuneration is fixed by the Government of India and hence, the Company does not need to have a Remuneration Committee. The Company is yet to adopt the other non-mandatory requirements including Whistle Blower Policy.

- h) The Company at present does not have any independent director. The Board and the Audit Committee need to be reconstituted by induction of appropriate number of independent directors, which is under active consideration of the Government of India.
- i) The Code of Conduct for the Directors and the Senior Management Personnel of the Company is operational. Declaration by the CEO under Clause 49 of the Listing Agreement is set out elsewhere in the Annual Report.
- j) Equity shares held by the Directors in the paid-up capital

Name of the Director	No. of Equity Shares held
Shri S. K. Mukherjee	383
Shri V. N. Sharma	1650
Shri K. Subramanyan	101

- k) During the Financial Year 2006-07 Secretarial Audit was carried out on quarterly basis by a firm of Practicing Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Resolutions passed through Postal ballot

In accordance with Section 192A of the Companies Act, 1956 ("the Act") read with the Companies (Passing of the Resolution by

Balmer Lawrie & Co. Ltd.

Postal Ballot) Rules, 2001, the consent of the members for sale of Speciality Container Division based at Coimbatore to Transafe Services Limited as a going concern under Section 293(1)(a) of the Act was obtained by means of voting by postal ballot as detailed below:

Particulars	Number	%
Total Postal Ballot Forms Received	468	100
Invalid forms out of above	24	5.13
Valid forms	444	94.87
Total votes cast	531314	-
Invalid votes	2108	-
Valid votes cast	529206	100
Votes cast in favour	524359	99.08
Votes cast in against	4847	0.92

The Postal Ballot exercise was conducted by Dr. Asim Kumar Chattopadhyay, Company Secretary in practice as independent scrutinizer and the result of the postal ballot was published on 21 March 2007 in Business Standards, Financial Express, Aajkal, Sanmarg and also posted on the website of the Company.

Means of Communication

- Financial results are generally published in Business Standards (English), Financial Express (English), Aajkal (Bengali) and Janasatta (Hindi).
- The financial results are also posted on the website www.balmerlawrie.com
- The Company has created an exclusive e-mail ID viz, blsharegrievance@balmerlawrie.com to enable the investors lodge their complaints/grievance, if any.

Shareholders' Information

Date and time of the 90th Annual General Meeting : 25 September 2007 at 10.30 a.m.

Venue : G D Birla Sabhagar 29, Asutosh Choudhury Avenue, Kolkata – 700 019

Financial year ended on : 31 March 2007

Date of Payment of Dividend : The dividend warrants/ECS transfer would be on or after 25th September, 2007 and within 30 days from the date of declaration as provided in the Companies

Date of Book Closure : 19 September 2007 to 25 September 2007 (both days inclusive)

The shareholders are required to submit ECS mandate/bank particulars, on or before 18 September 2007 at the following

Intime Spectrum Registry Ltd.

Registrar & Share Transfer Agent
59-C, Chowringhee Road
Kolkata – 700 020
Phone : (033) 2289 0539
Phone / Fax : (033) 2289 0540
E-mail : kolkata@intimespectrum.com

Name of the Stock Exchanges where the equity shares of the Company are listed

Name and address of the Stock Exchanges	Stock Code	Annual Listing Fee (2007-08)
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001	523319	21 May 2007
National Stock Exchange of India Limited Exchange Plaza Bandra-Kurla Complex Bandra (E) Mumbai 400 051	BALMLAWRIE	20 April 2007
ISIN Code :	INE 164A01016	

Distribution of Shareholding as on 31 July 2007

Face Value of Equity Shares (Rs.)	Number of Shareholders	Percentage of total Shareholders	Number of Shares	Percentage of total Shareholdings
Upto 50	1747	20.5990	3367	0.0207
51 to 100	424	4.9994	3955	0.0243
101 to 500	2329	27.4614	81232	0.4988
501 to 1000	1444	17.0263	122394	0.7515
1001 to 2000	950	11.2015	146124	0.8972
2001 to 3000	385	4.5396	100570	0.6175
3001 to 4000	242	2.8534	87299	0.5360
4001 to 5000	222	2.6176	105973	0.6507
5001 to 10000	387	4.5631	294874	1.8106
10001 & above	351	4.1387	15340293	94.1927
Total	8481	100	16286081	

Balmer Lawrie & Co. Ltd.

Distribution of Shareholding as on 31 July 2007			
	Category	No. of shares held	Percentage of Shareholding
A	Promoter's Holding		
1	Promoters	Nil	Nil
	– Indian promoters	Nil	Nil
	– Foreign promoters	Nil	Nil
2	Persons acting in Concert	Nil	Nil
	Sub - Total	<u>—</u>	<u>—</u>
B	Non-Promoter's Holding		
3	Institutional Investors		
	a) Mutual Funds and UTI	1025786	6.30
	b) Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Government Institutions)	2088032	12.82
	c) Fills	532520	3.27
	Sub-Total	<u>3646338</u>	<u>22.39</u>
4	Others		
	a) Private Corporate Bodies	467424	2.87
	b) Indian Public	2039370	12.52
	c) NRIs/OCBs	68249	0.42
	d) Any other (please Specify) Govt. Company*	10064700	61.80
	Sub-Total	<u>12639743</u>	<u>77.61</u>
	GRAND TOTAL	<u>16286081</u>	<u>100</u>

*Balmer Lawrie Investments Ltd. is a Government Company, and the Holding Company of Balmer Lawrie & Co. Ltd.

Categories of Shareholders as on 31 July, 2007				
Category	Number of Physical Shares	Number of Shares dematerialized	Total Number of Shares	Percentage of Equity holding
Foreign National	17806	582963	600769	3.69
Financial Institutions & Banks	8841	2071706	2080547	12.78
Balmer Lawrie Investments Limited (a government company)	Nil	10064700	10064700	61.80
UP State Government	7485	Nil	7485	0.05
Mutual Fund	650	1025136	1025786	6.30
Bodies Corporate	8814	458610	467424	2.87
Directors and their relatives	383	1751	2134	0.01
Public	456246	1580990	2037236	12.51
Total	<u>500225</u>	<u>15785856</u>	<u>16286081</u>	<u>100</u>
%	3.07	96.93		

Note : The Company has not issued any GDR/ADR/Warrants or other instruments convertible into Equity.

Balmer Lawrie & Co. Ltd.

export in future and with containerization of cargo becoming the order of the day, there will be growth of CFS in India. With the ports laying emphasis on turn around time of vessels and hence showing increasing reluctance to any off dock activity in the port premises augur well for the CFS operators. Based on the future likely growth of volumes, the Authorities have already commenced action for setting up of a fourth terminal at Navi Mumbai. Similar expansions are also planned for Chennai Port. All these will unfold growth opportunities.

More and more CFSs are coming up in Chennai and Mumbai. Shipping companies are also putting up their own CFSs. This has resulted in pricing pressures and therefore squeeze on margins. However, with the likely increase in overall volume of trade, the growth momentum witnessed in the last few years is expected to continue at least in the medium term.

Segmentwise and Productwise performance

The volume handled at all the 3 locations (Mumbai, Kolkata and Chennai) showed a decent growth of around 10.45% compared to previous year however at the same time there was marginal decline in the market share of the SBU. In the current year Chennai showed an impressive 50% growth in volume actually handled and consequently market share of Chennai CFS has also went upto 10%. For the SBU as a whole, import box continue to account for majority of the total business volume.

Outlook

The outlook for all the three CFSs is quite positive since volume handled in Chennai and Navi Mumbai are growing rapidly due to availability of hi-tech state of the art equipment, improved throughput, faster turnaround of container vessels, improved berth and crane productivity and computerized management system being employed by the Port operators. The SBU is expected to acquire additional space at all CFSs and look for opportunities in other port areas to expand its activities to reap the benefits of growing economy as the GOI-initiated study on Perspective Plan for Port Sector vision 2020, states that the volumes of business could grow three fold by 2020.

Risks and Concerns

The tendency of major shipping lines to set up CFSs is a major threat. Any adverse change in Customs Regulations or Port Policies are inherent risks of this SBU.

Internal Control System and their adequacy

Based on the nature of business and size of operations, the SBU has well laid out procedures for internal checks and balances. It ensures optimal utilization and protection of resources, accurate and prompt recording and reporting of transactions and compliance with applicable laws and regulations.

Internal audit is carried out covering all functional areas at periodic intervals, which helps in further improvement of internal control procedures. All the CFSs are ISO certified.

Discussion on Financial Performance with respect to

Operational Performance

The SBU maintained its growth rate both in terms of turnover and profitability.

Material Development in Human Resources/Industrial Relations

Industrial relations in all the CFSs have been cordial throughout the year.

7. LEATHER CHEMICALS (SBU – LC)

Industry Structure and Developments

The growth of domestic leather chemicals industry is linked to the prospects of leather processing/leather goods industry, which in turn is largely dependent on the export market. India accounts for about 6% of world leather production and 2.5% of the global trade in leather articles. Export of leather articles has been growing significantly in the last few years.

The leather chemicals industry in India consists of a number of global majors who have set up production facilities in India and also a large number of medium and small-scale Indian companies. The industry also faces severe competition from imports.

Opportunities and Threats

Growing world demand for leather products especially leather footwear and upholstery and shift of manufacturing base to Asia including India offers good opportunity for the leather chemicals industry in India, both in terms of the domestic market and exports. However, the Indian leather industry faces stiff competition from other Asian countries as well as South America.

Consolidation of leather chemicals manufacturers, both globally and in India, coupled with competition from imports are major threats.

Segmentwise or Productwise performance

The sales volume was almost the same as in the previous year. The SBU continues its market leadership in the fat liquor segment and has maintained its market share in syntans.

Outlook

Although the industry is facing depressed demand conditions coupled with increased competition from imports, the prospects of the industry in the medium to long term are good. The SBU is strengthening its R&D efforts with a view to accelerate introduction of new products. The SBU is also placing increased thrust on exports.

Risks and Concerns

Steep increase in prices of key raw materials many of which are of petroleum origin adversely affects margins. Low priced imports of certain chemicals is another area of concern. Increased environmental compliance requirements on leather processing industries periodically affect global trade, which in turn impact the domestic leather chemicals industry also. The strengthening of the Rupee against the US dollar in the last six months has had adverse impact on export of leather articles and consequently on leather chemicals demand in India.

Internal Control Systems and their adequacy

The SBU has internal control systems commensurate with

Internal Control Systems and their adequacy

The SBU has internal control systems commensurate with the complexity and scale of the business. The SBU has a computerized business operations system. The Leather Chemicals unit is certified to Integrated Management System covering ISO 9001:2000, Quality Management Systems, ISO 14000 Environment. Management System and Occupational Health and Safety Management System 18001. Internal Audit and Vigilance Inspection System also check the compliance aspects as well as robustness of internal control systems.

Discussion on Financial Performance with respect of Operational Performance

During the year the SBU recorded about the same sales turnover as in the previous year, however the profitability declined due to steep increase in prices of critical raw materials and inability to pass on the increase to the customers.

Material Developments in Human Resources/Industrial Relations

The SBU places high emphasis on training and development to upgrade the skills of employees. Industrial relationship continues to be satisfactory. A long term wage settlement for the unionized employees is in advanced stage of negotiation.

8. TEA (SBU –TEA)

Industry Structure and Developments

The SBU-Tea is in the business of procuring tea from Indian market (directly from tea estates, auctions and private seller) adding value through blending, bagging etc. as per its overseas/internal buyers requirements viz. bulk, packaged form, tea bags. The SBU specialises in specialities and high value added teas.

Opportunities and Threats

The SBU possesses a high class Tea Blending and Packaging Unit and continues to leverage on this strength in packing for high value added markets viz. UK, Japan etc. However, the SBU does not have any gardens of its own or any branded Tea consumer packet in the domestic market.

The major tea consuming/importing countries follow tendering procedure in sourcing tea where the merchant exporters continue to face stiff competition from the producer-exporters who are in a better position to offer teas at very competitive prices.

Segmentwise or Productwise performance

The domestic institutional sale to defense improved substantially over the previous year and also the volume of export sale to Japan increased more than double compared to previous year. Despite strong performance in the domestic market the overall sales of the SBU declines due to decline in export sales volume.

Outlook

Contingent upon India's improved relationship with major tea consuming countries, coupled with likely opening up of opportunities in other markets outlook for the SBU seems to improve in near future. The SBU is also hopeful of improving domestic sale during the current year.

Risks and Concerns

Risks and Concerns

Due to fierce competition, margins are always under constant pressure, which reflect in the bottom line. The developed countries, particularly Germany and Japan are continuously examining the health and safety issues like pesticides residues and the resultant stringent requirements are posing serious challenges in exports to these countries.

Internal Control Systems and their Adequacy

The activities of the SBU are strictly governed by the internal control system laid down by the Company in various operation manuals.

Discussion on Financial Performance with respect to Operational Performance

Despite improved performance in domestic front the SBU recorded low sales turnover due to substantial decline in the export sales resulting into losses to the division.

Material Developments in Human Resources/Industrial Relations

There was no material development. The cordial relationship in industrial relation continued.

9. SPECIALITY CONTAINERS (SBU – SC)

Industry Structure and Developments

The SBU has facilities for design & manufacture of Speciality Containers viz. Housing Containers, Insulated Boxes, Containers for Transport Sector (Dry van, swap body etc.) and other Speciality Boxes. The features of the speciality containers have been undergoing many changes with improvements in knowledge of designing custom built boxes and new applications are constantly emerging. Some of the new areas where considerable work has been done by the SBU include (a) Acoustically/Thermally insulated boxes for a variety of applications. (b) Super speciality containers, (c) Refrigerated containers for cold chain applications and (d) Containers specially designed for Armed Forces, Space research etc. The SBU is currently operated under a 'Leave & License' agreement with M/s. Transafe Services Limited.

Opportunities and Threats

As your Company has taken a view to exit from the business, opportunities & threats are not being separately listed.

Segmentwise and Productwise performance

The SBU was operated under a 'Leave & License' Agreement and hence performance is not being reported.

Outlook

As a temporary measure, the facilities of the SBU were being utilized by Transafe Services Ltd. on a leave and license basis on and from 1 April 2006. Transafe Services Ltd. (previously known as Indian Container Leasing Company Ltd.) is promoted by your Company.

With a view to exit from the manufacturing of speciality containers, the Board of Directors of your Company, has recommended to transfer the business of SBU in favour of Transafe Services Ltd. with effect from 1 April 2007 or such other date as may be agreed between your Company and Transafe

Balmer Lawrie & Co. Ltd.

other date as may be agreed between your Company and Transafe Services Ltd. and the shareholders of the Company has approved such sale by way of voting through postal ballot on 9 March 2007.

The final transfer of business of SBU to Transafe Services Ltd. is dependent on approval of the Government of India and therefore, license for utilization of the facilities of the SBU to Transafe Services Limited is renewed for one more year w.e.f. 1 April 2007.

Risks and Concerns

The business of speciality container requires constant innovation and intense marketing network with national reach. Robust long-term R&D efforts are also pre-requisite to cater such a business. Apart from constraints in creating a strong marketing team, the present size of the business of your Company also have limitations in affording the economies of scale and ability to incur cost of exclusive infrastructure for marketing speciality container.

Internal Control Systems and their adequacy

The SBU being under Leave & License arrangement with Transafe Services Limited internal controls on operation are maintained by them. Your company overseas the requirement of all

maintained by them. Your company overseas the requirement of all compliances for which suitable controls are in place.

Discussion on Financial Performance with respect to Operational Performance

The operational performances of the SBU are being guided by Transafe Services Ltd. The revenues are generating only out of lease rentals booked.

Material Developments in Human Resources/Industrial Relations

Industrial relations continue to be satisfactory.

Note : The information and opinion stated in this section of the Annual Report cover certain forward looking statements which management believes are true to the best of its knowledge at the time of its preparation and the management shall not be liable for any loss which may arise as a result of any action taken on the basis of the information contained therein. The nature of opinion is such, which may not be disclosed, reproduced or used in whole or part for any purpose or furnished to any other person without the prior written permission of the Company.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT,
1956 ON THE ACCOUNTS OF BALMER LAWRIE & CO. LIMITED,
KOLKATA FOR THE YEAR ENDED 31 MARCH 2007.**

The preparation of financial statements of Balmer Lawrie & Co. Limited, Kolkata for the year ended 31 March 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 14 June 2007.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Balmer Lawrie & Co. Limited, Kolkata for the year ended 31 March 2007. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

Sd/-
(A. Roychoudhury)
Principal Director of Commercial
Audit & Ex-Officio Member,
Audit Board – I,
KOLKATA

Dated : Kolkata
The 23 July 2007

**Auditors' Report to the Members
of Balmer Lawrie and Company Limited**

1. We have audited the attached Balance Sheet of Balmer Lawrie and Company Limited (the Company) as at March 31, 2007, and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the accounts of the Regions audited by Branch Auditors in accordance with the letter of appointment issued by the Comptroller and Auditor General of India. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 of India (the Act), we enclose in the Annexure to this report a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books. The Branch Auditors' Reports have been forwarded to us and have been appropriately dealt with;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Profit and Loss Account, Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act;
 - (v) Being a Government Company, the provisions of Section 274 (1) (g) of the Act are not applicable to the Company;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of the Company's affairs as at March 31, 2007;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For GUPTA & CO.
Chartered Accountants

S. K. GANGULI
Partner

Kolkata, June 14, 2007

Membership No. : 6622

Annexure to Auditor's Report

The Annexure referred to in paragraph 3 of our report of even date to the Members of Balmer Lawrie and Company Limited (the Company) for the year ended March 31, 2007. We report that :

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover plant and machinery every year and all other items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its business. Pursuant to the programme, the management during the year has physically verified the fixed assets, and as informed to us, no material discrepancies between the book records and the physical records have been noticed. In our opinion, the frequency of physical verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (other than certain stocks with third parties) has been physically verified during the year by the management. In respect of inventory lying with third parties, they have confirmed these. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventories followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.

Annexure to Auditor's Report (Contd.)

- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. We are informed that the discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. As represented to us, there are no companies, firms or other parties to be listed in the register maintained under Section 301 of the Companies Act 1956 (the Act). Accordingly, clauses (iii) (a) to (g) of paragraph 4 of the said Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system of the Company.
5. According to the information and explanations given to us, there have been no contracts and arrangements during the year, the particulars of which need to be entered into the register maintained under Section 301 of the Act.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company's present internal audit system (a firm of Chartered Accountants has been appointed for the purpose), as conducted in a phased manner, is generally commensurate with the size and nature of its business, though there is further room for improvement. The Branch Auditor of New Delhi region, has reported, "However, it is required to be further strengthened so as to make it fully commensurate with the size of operations and nature of its business".
8. We have broadly reviewed the books of account maintained by the Company in respect of Grease and Lubricants (Petroleum industry) and Tea Blending where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209 (1) (d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues as applicable with the appropriate authorities.
- Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Act, we are unable to comment on this particular issue.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, service tax, excise duty and cess as at March 31, 2007 which have not been deposited on account of a dispute, are as indicated in Note 15.3 (a) on Schedule 15.
10. The Company has no accumulated losses as at March 31, 2007, and it has not incurred any cash losses during the financial year ended on that date and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank as at the Balance Sheet date. The Company has no debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the provisions of any special statute applicable to chit fund or a nidhi/mutual benefit fund/societies are not applicable to the company.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us and on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, there are no funds raised on short-term basis, which have been used for long-term investment.
18. In view of the comment in paragraph 3 above, Clause (xviii) of paragraph 4 of the said order concerning preferential allotment of shares is not applicable to the Company.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our audit and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For GUPTA & CO.
Chartered Accountants

S. K. GANGULI
Partner

Membership No. : 6622

Kolkata, June 14, 2007

Balmer Lawrie & Co. Ltd.

Balance Sheet as at 31st March, 2007

	SCHEDULES	As at 31st March, 2007		As at 31st March, 2006	
		Rs.	Rs.	Rs.	Rs.
Sources of Funds					
Shareholders' Funds					
Share Capital	1	16,28,60,810		16,28,60,810	
Reserves and Surplus	2	254,02,04,210	270,30,65,020	209,52,14,471	225,80,75,281
Loan Funds					
Secured	3		9,75,00,003		37,69,36,911
Deferred Taxation Liability	15.26		24,70,08,000		27,70,08,000
			<u>304,75,73,023</u>		<u>291,20,20,192</u>
Application of Funds					
Fixed Assets					
Gross Block	4	283,28,02,199		279,08,52,250	
Less : Depreciation		118,52,38,137		110,17,23,514	
Less : Impairment of Assets		1,17,37,634		—	
Net Block		<u>163,58,26,428</u>		<u>168,91,28,736</u>	
Capital Expenditure in Progress including Pre-Production Expenses		80,16,142		1,71,44,210	
Advance against Capital Expenditure		<u>1,20,36,842</u>	<u>165,58,79,412</u>	<u>12,18,308</u>	<u>170,74,91,254</u>
Investments	5		47,14,12,109		47,14,67,994
Net Current Assets					
Current Assets, Loans and Advances					
Interest accrued on Investment		—		878	
Inventories	6	80,27,52,776		79,95,76,955	
Debtors	7	197,70,77,119		184,67,13,467	
Cash and Bank Balances	8	48,26,48,003		15,65,48,978	
Loans and Advances	9	60,50,92,316		55,59,67,266	
		<u>386,75,70,214</u>		<u>335,88,07,544</u>	
Less :					
Current Liabilities and Provisions	10				
Current Liabilities		256,74,23,339		234,38,45,821	
Provisions		41,23,08,134		36,03,13,578	
		<u>297,97,31,473</u>		<u>270,41,59,399</u>	
Net Current Assets			88,78,38,741		65,46,48,145
Miscellaneous Expenditure on Voluntary Retirement Schemes (to the extent not written off or adjusted)			<u>3,24,42,761</u>		<u>7,84,12,799</u>
			<u>304,75,73,023</u>		<u>291,20,20,192</u>
Notes on Accounts	15				
Significant Accounting Policies	16				

The Schedules referred to above form part of the Accounts.

As per our report attached

For GUPTA & CO.
Chartered Accountants
S. K. GANGULI
Partner
Membership No. 6622
Kolkata, the 14th June, 2007

S. K. Mukherjee
Managing Director

M. Singh
A. Kaushik
P. Radhakrishnan
V. N. Sharma
K. Subramanyan
Directors

R. Mukherjee
Secretary

Profit and Loss Account for the year ended 31st March, 2007

	SCHEDULES	Rs.	2005-2006 Rs.
Income			
Sales			
Manufactured Goods		508,67,59,161	506,37,36,104
Less : Excise Duty		76,41,08,079	76,74,71,541
		<u>432,26,51,082</u>	<u>429,62,64,563</u>
Trading Goods		1,47,62,295	1,07,23,648
Turnkey Projects		43,05,06,348	64,25,28,430
Services		803,12,02,075	739,66,02,864
Other Income	11	20,37,35,711	17,82,75,833
		<u>1300,28,57,711</u>	<u>1252,43,95,338</u>
Expenditure			
Raw Materials Consumed		314,30,64,159	312,80,59,591
Purchases			
– Trading Goods		1,57,61,816	61,40,842
– Turnkey Projects		44,50,40,483	59,61,99,944
Cost of Services		658,28,67,818	607,45,34,977
General Expenditure	12	171,91,87,523	179,03,71,242
Depreciation		10,64,61,179	11,94,78,010
Accretion (-)/Decretion to Inventories	13	(-) 7,09,26,952	11,00,364
Prior Period Adjustments	14	(-) 2,15,911	13,041
		<u>1194,12,40,115</u>	<u>1171,58,98,011</u>
Profit before Taxation		106,16,17,396	80,84,97,327
Provision for Taxation – Current		38,10,00,000	35,75,00,000
– Deferred	15.26	(-) 3,00,00,000	(-) 2,55,00,000
– Fringe Benefit Tax		84,00,000	85,00,000
Profit after Taxation		70,22,17,396	46,79,97,327
Balance Brought Forward		34,49,91,226	19,41,25,734
Available for Appropriation		<u>104,72,08,622</u>	<u>66,21,23,061</u>
Proposed Final Dividend		21,98,62,094	14,65,74,729
Corporate Tax on Dividend		3,73,65,563	2,05,57,106
Transfer to General Reserve		15,00,00,000	15,00,00,000
Balance Carried Forward		<u>63,99,80,965</u>	<u>34,49,91,226</u>
Earnings Per Share (Rs.) [Basic & Diluted]		<u>43.12</u>	<u>28.74</u>
Notes on Accounts	15		
Significant Accounting Policies	16		

The Schedules referred to above form part of the Accounts.

As per our report attached

For GUPTA & CO.
Chartered Accountants
S. K. GANGULI
Partner
Membership No. 6622
Kolkata, the 14th June, 2007

S. K. Mukherjee
Managing Director

M. Singh
A. Kaushik
P. Radhakrishnan
V. N. Sharma
K. Subramanyan
Directors

R. Mukherjee
Secretary

Balmer Lawrie & Co. Ltd.

Schedules forming part of the Balance Sheet as at 31st March, 2007

SCHEDULE 1		SHARE CAPITAL		As at 31st March, 2006	
		Rs.		Rs.	
Authorised					
3,00,00,000	Equity Shares of Rs. 10 each		<u>30,00,00,000</u>		<u>30,00,00,000</u>
Issued and Subscribed					
90,65,547	Equity Shares of Rs. 10 each fully paid up in cash		<u>9,06,55,470</u>		<u>9,06,55,470</u>
4,00,000	Equity Shares of Rs. 10 each fully paid up pursuant to a contract without payment being received in cash		<u>40,00,000</u>		<u>40,00,000</u>
4,48,130	Equity Shares of Rs. 10 each allotted as fully paid shares pursuant to amalgamation of Steel Containers Ltd. and Industrial Containers Ltd. with the Company		<u>44,81,300</u>		<u>44,81,300</u>
63,72,404	Equity Shares of Rs. 10 allotted as fully paid Bonus Shares by way of Capitalisation of General Reserve and Share premium		<u>6,37,24,040</u>		<u>6,37,24,040</u>
			<u>16,28,60,810</u>		<u>16,28,60,810</u>
SCHEDULE 2		RESERVES AND SURPLUS		As at 31st March, 2006	
		Rs.		Rs.	
Capital Reserve					
	Central Investment Subsidy				
	As per last Account		<u>80,250</u>		<u>80,250</u>
	Less : Transferred to General Reserve		<u>80,250</u>		<u>—</u>
	Share Premium Account				
	As per last Account		<u>36,26,76,720</u>		<u>36,26,76,720</u>
	Foreign Projects Reserve				
	As per last Account		<u>2,61,93,804</u>		<u>2,61,93,804</u>
	General Reserve				
	As per last Account		<u>136,12,72,471</u>	121,12,72,471	
	Add : Transferred from Central Investment Subsidy		<u>80,250</u>		
	Add : Transferred from Profit & Loss Account		<u>15,00,00,000</u>	<u>15,00,00,000</u>	<u>136,12,72,471</u>
	Profit and Loss Account		<u>63,99,80,965</u>		<u>34,49,91,226</u>
			<u>254,02,04,210</u>		<u>209,52,14,471</u>
SCHEDULE 3		SECURED LOANS		As at 31st March, 2006	
		Rs.		Rs.	
From Banks					
	Cash Credit/Export Credit/Working Capital Demand Loan				
	Secured by hypothecation of stocks and debtors		<u>—</u>		<u>32,256</u>
	Term Loan		<u>9,75,00,003</u>		<u>37,69,04,655</u>
			<u>9,75,00,003</u>		<u>37,69,36,911</u>
Notes :					
(i) Term Loan taken by the Company from Banks amounting to Rs. 9.75 crores (Rs. 28.69 crores) is secured by way of <i>pari-passu</i> first charge on certain movable fixed assets and some immovable properties of the Company.					
(ii) Term Loan taken from Banks as on 31 March, 2006 included an amount of Rs. 9.00 Crores which was secured by way of specific and exclusive charge on some immovable properties of the company.					

Schedules forming part of the Balance Sheet as at 31st March, 2007

SCHEDULE 4

(A) Assets held for active use

FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				IMPAIRMENT OF ASSETS				NET BLOCK		
	Original Cost as at 1st April, 2006	Additions during the year	Total Cost of Items sold or scrapped/adjusted	Original Cost as at 31st March, 2007	Up to 31st March, 2006	For the year	On items sold or scrapped/adjusted*	Total	As on 31st March 2006	For the year	Balance as on 31.3.2007	W.D.V. as at 31st March 2006	W.D.V. as at 31st March 2007	Rs.	Rs.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land – Freehold	12,08,67,890	14,63,695	5,16,036	12,18,15,549	—	—	—	—	—	—	—	12,08,67,890	12,18,15,549		
– Leasehold	22,73,59,015	88,58,395	—	23,62,17,410	3,20,00,604	40,85,432	—	3,60,86,036	—	—	—	19,53,58,411	20,01,31,374		
Buildings & Sidings	77,31,13,971	3,26,86,192	—	80,58,00,163	14,52,31,670	1,66,60,376	– 9,72,182	16,28,64,228	—	70,21,345	70,21,345	62,78,82,301	63,59,14,590		
Plant & Machinery	101,58,06,433	2,02,79,568	2,58,30,193	101,02,55,808	50,38,95,360	5,07,97,145	1,13,12,018	54,33,80,487	—	42,11,642	42,11,642	51,19,11,073	46,26,63,679		
Spares for Plant & Machinery	5,44,17,243	1,19,74,357	1,66,517	6,62,25,083	3,99,14,261	99,76,833	1,66,517	4,97,24,577	—	—	—	1,45,02,982	1,65,00,506		
Electrical Installation and Equipment	16,07,04,235	43,23,856	11,77,990	16,38,50,101	8,19,69,712	74,85,142	1,64,768	8,92,90,086	—	1,17,220	1,17,220	7,87,34,523	7,44,42,795		
Furniture and Fittings	5,04,31,241	16,69,874	7,58,319	5,13,42,796	3,34,42,281	32,51,316	5,00,768	3,61,92,829	—	—	—	1,69,88,960	1,51,49,967		
Typewriters, Accounting Machine and Office Equipment	14,07,57,049	1,10,32,568	79,14,615	14,38,75,002	10,86,47,251	1,05,63,109	71,58,500	11,20,51,860	—	—	—	3,21,09,798	3,18,23,142		
Tubewells, Tanks and Miscellaneous Equipment	7,80,17,093	39,00,003	73,987	8,18,43,109	4,43,37,223	33,27,589	– 1,66,856	4,78,31,668	—	3,87,427	3,87,427	3,36,79,870	3,36,24,014		
Vehicles	29,80,208	6,17,708	5,49,716	30,48,200	11,40,418	3,16,995	2,23,499	12,33,914	—	—	—	18,39,790	18,14,286		
Total (A)	262,44,54,378	9,68,06,216	3,69,87,373	268,42,73,221	99,05,78,780	10,64,63,937	1,83,87,032	107,86,55,685	—	1,17,37,634	1,17,37,634	163,38,75,598	159,38,79,902		

Balmer Lawrie & Co. Ltd.

Schedules forming part of the Balance Sheet as at 31st March, 2007

SCHEDULE 5	INVESTMENTS			As at 31st March, 2006		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Unquoted, unless otherwise stated						
Long Term Investments						
Government Securities – at cost						
As per last account		55,885			55,985	
Less : Sold/Provision made during the year		(- 55,885)	-		(-) 100	55,885
Trade Investments						
Fully paid up – at cost						
3,57,591 Equity Shares of Rs. 10 each in Bridge & Roof Co. (India) Ltd.		14,00,740			14,00,740	
1,95,900 Equity Shares of Rs. 10 each in Biecco Lawrie Ltd.	1			22,03,537		
Less : Written off during the year	0	1		22,03,536	1	
32,00,000 Equity Shares of Rs. 10 each in Transafe Services Ltd.		3,20,00,000			3,20,00,000	
45,00,000 Ordinary Shares of Rs. 10 each in Avi-Oil India (P) Ltd.		4,50,00,000			4,50,00,000	
9,800 Shares of Dhs. 1000 each in Balmer Lawrie (UAE) LLC		8,90,99,100			8,90,99,100	
63,19,978 Equity Shares of Rs. 10 each in Balmer Lawrie-Van Leer Ltd. (Quoted)		11,64,54,970	28,39,54,811		11,64,54,970	28,39,54,811
Investment in Subsidiary Company						
Balmer Lawrie (UK) Ltd.						
Fully Paid up – at cost						
33,80,312 Ordinary Shares of Pound 1 each			18,74,05,904			18,74,05,904
Other Investments						
Fully paid up – at cost						
71 Equity Shares of Rs. 100 each in Duncan Brothers & Co. Ltd. (Quoted)		6,194			6,194	
172 1/2% Redeemable Registered Debentures of Rs. 100 each in The East India Clinic Ltd.		17,200			17,200	
280 5% Non-redeemable Debenture Stock 1957 of Rs. 100 each in the East India Clinic Ltd.		28,000			28,000	
			51,394			51,394
			47,14,12,109			47,14,67,994
Quoted Investment – at cost						
[Market value Rs. 21,26,67,260 (2005/06 – Rs. 27,43,10,955)]			11,64,70,211			11,64,70,211
Unquoted Investment – at cost			35,49,41,898			35,49,97,783
			47,14,12,109			47,14,67,994

Balmer Lawrie & Co. Ltd.

Schedules forming part of the Balance Sheet as at 31st March, 2007

SCHEDULE 6	INVENTORIES		As at 31st March, 2006	
		Rs.	Rs.	Rs.
Raw Materials		47,64,43,899		46,32,97,625
Finished Products		19,71,52,823		16,30,08,032
Trading Goods		22,58,870		10,04,170
Work-in-Progress		8,53,83,828		5,72,40,509
Stock-in-Transit				
Raw Materials		13,69,577	7,69,46,816	
Finished Products		2,42,85,836	1,66,84,189	
Trading Goods		-	2,17,505	9,38,48,510
Stores and Spare Parts		1,57,00,336		2,10,18,184
Loose Tools		1,57,607		1,59,925
		<u>80,27,52,776</u>		<u>79,95,76,955</u>

[Refer to point 3 of Schedule 16 for method of valuation of Inventories]

SCHEDULE 7	DEBTORS		As at 31st March, 2006	
		Rs.	Rs.	Rs.
Debts due for more than six months				
Considered Good				
Unsecured		24,32,88,969	20,91,72,664	
Considered Doubtful		3,06,74,548	2,10,04,411	
		<u>27,39,63,517</u>	<u>23,01,77,075</u>	
Less : Provision for Doubtful Debts		3,06,74,548	2,10,04,411	20,91,72,664
Other Debts				
Considered Good				
Unsecured		173,37,88,150		163,75,40,803
		<u>197,70,77,119</u>		<u>184,67,13,467</u>

SCHEDULE 8	CASH AND BANK BALANCES		As at 31st March, 2006	
		Rs.	Rs.	Rs.
Cash in Hand [including cheques and stamps - Rs. 1,67,85,481 (2005-06 - Rs. 69,73,761)]		1,91,15,623		83,60,006
With Scheduled Banks				
In Current Accounts		25,72,16,323	14,22,31,776	
In Short Term Deposit Account		20,00,70,000	1,70,000	
In Dividend Accounts		44,40,038	39,80,465	14,63,82,241
With Standard Chartered Bank, Dubai in Current Accounts [Maximum Amount Rs. 18,06,731 (2005-2006 - Rs. 54,56,856)]		18,06,019		18,06,731
		<u>48,26,48,003</u>		<u>15,65,48,978</u>

Balmer Lawrie & Co. Ltd.

Schedules forming part of the Balance Sheet as at 31st March, 2007

SCHEDULE 9	LOANS AND ADVANCES		As at 31st March, 2006	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Advances recoverable in cash or in kind or for value to be received – Considered Good				
Secured	9,12,02,967		9,38,94,800	
[Due from Director and another officer – Rs. 6,71,633 Maximum amount Rs. 7,41,704 (2005/06 – Due Rs. 7,64,951 and Maximum Rs. 8,68,086)]				
Unsecured				
Subsidiary Company				
Balmer Lawrie (UK) Ltd.	2,97,188		1,13,442	
Holding Company				
Balmer Lawrie Investments Ltd.	61,709		40,235	
Others	33,39,54,152		29,67,56,744	
Considered Doubtful	52,49,395		53,76,395	
	<u>43,07,65,411</u>		<u>39,61,81,616</u>	
Less : Provision	52,49,395	42,55,16,016	53,76,395	39,08,05,221
Deposits – Unsecured				
Considered Good		14,27,98,699		14,01,53,227
Balance with Customs, Port Trust, Central Excise etc.				
Considered Good		3,67,77,601		2,50,08,818
		<u>60,50,92,316</u>		<u>55,59,67,266</u>

SCHEDULE 10	CURRENT LIABILITIES AND PROVISIONS		As at 31st March, 2006	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Current Liabilities				
Sundry Creditors				
– Due to Small Scale Industries		96,29,065		74,08,541
– Due to Others		245,68,63,345		224,94,48,835
Amounts received in advance against contracts		9,64,90,891		8,30,07,980
Investor Education and Protection Fund shall be credited by the following amount namely :				
– Unclaimed Dividend [Refer Note below]		44,40,038		39,80,465
		<u>256,74,23,339</u>		<u>234,38,45,821</u>
Provisions				
Contingency				
As per last Account	81,00,000		41,00,000	
Provision made during the year	41,20,000		40,00,000	
	<u>1,22,20,000</u>		<u>81,00,000</u>	
Less : Transferred to Provision for Doubtful Debts	22,20,000	1,00,00,000	–	81,00,000
Provision against Guarantee obligations	17,38,92,860		17,38,92,860	
Less : Payment made during the year	3,86,42,858	13,52,50,002	–	17,38,92,860
Proposed Final Dividend		21,98,62,094		14,65,74,729
Taxation, net of Advance Payment		4,71,96,038		3,17,45,989
		<u>41,23,08,134</u>		<u>36,03,13,578</u>
		<u>297,97,31,473</u>		<u>270,41,59,399</u>

Note : There is no amount due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund.

Balmer Lawrie & Co. Ltd.

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2007

SCHEDULE 11

OTHER INCOME

	<u>Rs.</u>	2005-2006 <u>Rs.</u>
Income from Investments		
Trade Investments		
Dividend	1,76,34,900	3,48,24,702
Interest on Advances, Deposits, Deferred Credit and Overdue Debts	91,33,336	76,04,073
Profit on Disposal of Fixed Assets	67,95,913	52,24,692
Export Incentives	17,48,777	13,38,360
Rent	1,53,93,858	1,27,94,511
Packing and Despatching	3,25,15,204	3,51,54,879
Discount and Commission	27,87,828	17,81,039
Claims	9,24,335	59,19,324
Liabilities/Provisions no longer required written back	2,71,75,799	1,73,49,851
Sundries	8,96,25,761	5,62,84,402
	<u>20,37,35,711</u>	<u>17,82,75,833</u>

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2007

SCHEDULE 12

GENERAL EXPENDITURE

	Rs.	2005-2006 Rs.
Salaries, Wages, Bonus, Pensions and Gratuity [includes Pensions to Ex-Directors Rs. 1,41,505 (2005/06 – Rs. 1,87,352)]	54,85,99,914	49,42,71,314
Contribution to Provident and Other Funds	6,77,17,147	6,40,80,678
Workmen and Staff Welfare Expenses	6,06,16,720	5,83,93,708
Manufacturing Expenses	3,92,42,411	4,55,56,240
Excise Duty	83,60,654	1,17,59,384
Consumption of Stores and Spare Parts	2,83,65,538	3,38,91,005
Repairs and Maintenance		
Buildings	3,01,85,919	2,10,59,752
Plant & Machinery	1,27,35,795	1,45,46,181
Others	1,76,42,401	1,74,65,368
Power & Fuel	10,53,57,035	9,76,86,518
Electricity and Gas	1,74,47,089	1,76,21,302
Rent	4,01,26,829	3,50,42,799
Insurance	79,66,932	71,44,328
Packing, Despatching, Freight and Shipping Charges	12,81,01,295	10,89,62,072
Rates and Taxes	1,77,43,056	93,65,849
Interest [including Rs. 1,11,34,884 on Fixed Loans (2005/06 – Rs. 4,68,01,229)]	3,66,49,670	7,83,84,817
Auditors' Remuneration and Expenses	11,26,774	7,28,256
Bad Debts written off	2,51,54,934	1,06,51,808
Advances written off	7,16,496	10,55,074
Fixed Assets written off	1,04,52,862	2,80,35,718
Investments written off	46,839	22,03,537
Provision for Contingency	41,20,000	40,00,000
Provision for Debts, Deposits, Loans and Advances considered doubtful	1,47,28,905	90,29,830
Provision against Guarantee obligations	—	17,38,92,860
Impairment of fixed assets	1,17,37,634	—
Loss on Disposal of Fixed Assets	80,20,656	12,27,202
Selling Commission	7,27,82,605	4,43,86,217
Cash Discount	1,82,81,610	76,77,743
Bank Charges and Discount	80,36,633	78,43,798
Travelling Expenses	6,09,45,371	5,40,08,154
Printing and Stationery	1,48,58,976	1,32,32,046
Motor Car Expenses	72,96,578	68,22,235
Telephone, Telex, Postage, Cables and Telegrams	2,29,27,953	2,37,86,978
Turnover Tax/Additional Tax on Sales Tax	59,69,011	67,91,953
Amortisation of Deferred Revenue Expenditure (VRS)	4,59,70,038	4,86,23,078
Expenditure on VRS for current year	—	3,11,42,005
Miscellaneous Expenses	22,35,77,169	20,20,92,767
	<u>172,36,09,449</u>	<u>179,24,62,574</u>
Less : Provision for Debts, Deposits, Loans & Advances and Investments considered doubtful, written back	44,21,926	20,91,332
	<u>171,91,87,523</u>	<u>179,03,71,242</u>

Balmer Lawrie & Co. Ltd.

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2007

SCHEDULE 13

ACCRETION (-) / DECRETION TO INVENTORIES

	Rs.		2005-2006	
	Rs.	Rs.	Rs.	Rs.
Stocks and Work-in-Progress				
Opening Balance				
Trading Goods	12,21,675		34,38,642	
Work-in-Progress	5,72,40,509		5,67,26,150	
Finished Products	17,96,92,221		18,02,07,963	
	<u>23,81,54,405</u>		<u>24,03,72,755</u>	
Less : VAT credit receivable on opening balance	-	23,81,54,405	11,17,986	23,92,54,769
Less : Closing Balance				
Trading Goods	22,58,870		12,21,675	
Work-in-Progress	8,53,83,828		5,72,40,509	
Finished Goods [including in transit Rs. 2,42,85,836 (2005/06 – Rs. 1,66,84,189)]	22,14,38,659	30,90,81,357	17,96,92,221	23,81,54,405
		<u>(-) 7,09,26,952</u>		<u>11,00,364</u>

SCHEDULE 14

PRIOR PERIOD ADJUSTMENTS

	Rs.		2005-2006	
	Rs.	Rs.	Rs.	Rs.
Income				
Sales				
Manufactured Goods	-		8,41,220	
Services	(-) 2,094		(-) 1,24,102	
Other Income	74,821		(-) 13,601	
	<u>72,727</u>		<u>7,03,517</u>	
Expenditure				
Cost of Services	47,112		-	
General Expenditure	(-) 1,93,053		(-) 16,482	
Depreciation	2,757		7,33,040	
	<u>(-) 1,43,184</u>		<u>7,16,558</u>	
Net Debit	(-) 2,15,911		13,041	

Notes on Accounts

SCHEDULE 15

- 15.1 1,00,64,700 Equity Shares are held by Balmer Lawrie Investments Ltd. (Holding Company).
- 15.2 (a) Investments of the face value of Rs. Nil (Rs. 55,839) and Fixed Deposit with bank amounting to Rs. 70,000 (Rs.1,70,000) are lodged with certain authorities as security.
- (b) Conveyance deeds of certain land costing Rs. 18,81,45,237 (Rs.19,18,40,252) and buildings, with written down value of Rs. 1,19,30,308 (Rs. 92,97,874) are pending registration / mutation.
- (c) Certain buildings & sidings with written down value of Rs. 37,31,96,299 (Rs.37,30,66,292) are situated on leasehold/rented land.
- 15.3 Contingent Liabilities as at 31st March, 2007 not provided for in the accounts are:
- (a) Disputed demand for Excise Duty, Income Tax, Sales Tax and Service Tax amounting to Rs. 26,14,43,509 (Rs. 22,09,17,040) against which the Company has lodged appeal/petition before appropriate authorities. Details of such disputed demands as on 31st March, 2007 are given in Annexure – A.
- (b) Claims against the company not acknowledged as debts amounts to Rs.6,59,42,820 (Rs. 5,93,26,099) in respect of which the Company has lodged appeals/petitions before appropriate authorities. In respect of employees/ex-employees related disputes financial effect is ascertainable on settlement ; no settlement was reached during the year.
- 15.4 Counter guarantees given to Standard Chartered Bank, Bank of Baroda, Canara Bank, HSBC, State Bank of India, United Bank of India and Indusind Bank in respect of guarantees given by them amounts to Rs. 34,98,49,055 (Rs. 30,00,67,403).
- 15.5 Estimated amount of contract remaining to be executed on Capital Accounts and not provided for amounted to Rs. 6,20,50,683 (Rs. 1,17,63,496).
- 15.6 Dues payable to small scale industries include the following debts exceeding Rs. 1 lakh which is outstanding for more than thirty days :

	Rs.	Rs.
Eastern Polycrafts Industries Ltd.	10,16,536	(5,18,017)
Flexi Pack India Pvt. Ltd.	8,21,448	(6,99,716)
Jaraikeela L. (I) Pvt. Ltd.	8,58,761	(1,65,289)
MC Packaging Pvt. Ltd.	2,01,799	(-)
Blow Can Industries	2,38,470	(-)
Bengal Plastic & Engg. Works	5,27,610	(2,27,238)
Sangido Enterprises	90,558	(3,02,005)
Channel Plastics Pvt. Ltd.	7,50,696	(-)
Total	45,05,878	(19,12,265)

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date.

The above information has been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by the auditors.

- 15.7 The amount of exchange difference credited to Profit & Loss account is (-) Rs. 65,36,113 (Rs. 1,04,09,162).
- 15.8 Confirmation letters have been issued in respect of debts, loans and advances and deposits of the company but not responded to in many cases. Hence unconfirmed balances are subject to reconciliation and consequent adjustments, if any, would be determined/ made on receipt of such confirmation.

Notes on Accounts (Contd.)

15.9 Remuneration of Managing Director and Wholetime Directors :

	<u>Rs.</u>	<u>Rs.</u>
Salaries	26,81,217	(19,09,091)
Contribution to Provident Fund	2,75,929	(2,23,361)
Gratuity	79,885	(1,40,290)
Perquisites	8,16,693	(6,07,544)
	<u>38,53,724</u>	<u>(28,80,286)</u>

15.10 Auditors' remuneration and expenses :

Statutory Auditors		
— Audit Fees	2,50,000	(1,45,476)
— Tax Audit Fees	70,000	(40,410)
— Other Capacity for Limited Review and other certification jobs	1,65,000	(1,56,940)
Branch Auditors		
— Audit Fees	5,03,260	(2,80,398)
— Other Capacity	—	(—)
— Expenses relating to audit of Accounts	1,38,514	(1,05,032)
	<u>11,26,774</u>	<u>(7,28,256)</u>

Statutory Audit fees, Tax Audit fees and fees paid / payable to the statutory auditors in other capacity for the year 2005-06 are net of adjustment of excess provision made in 2004-05 amounting to Rs. 16,524, Rs. 4,590 and Rs. 3,060 respectively.

Branch Audit fees is inclusive of Service Tax payable amounting to Rs. 43,620 (Rs. 24,236).

Branch Audit fees for the year 2005-06 are net of adjustment of excess provision made in 2004-05 amounting to Rs. 5,510.

15.11 Particulars in respect of goods manufactured :

(a) Capacity and Production :

Class of Goods	Unit	Installed Capacity (Single Shift Basis)	Actual Production		
			With own materials	With customers' materials	Total
Greases & Lubricating Oils	M.T./K.L.	71,600	23,371	8,639	32,010
		(71,600)	(22,048)	(12,110)	(34,158)
Barrels and Drums	Nos.	39,54,000	26,07,900	9,83,364	35,91,264
		(37,80,000)	(27,93,570)	(9,91,232)	(37,84,802)
Blended Tea including Bulk, Packets and Tea Bags	M.T.	3,000	835	38	873
		(3,000)	(216)	(11)	(227)
Leather Auxiliaries	M.T.	3,350	4,810	—	4,810
		(3,000)	(4,648)	—	(4,648)

(i) Under the Industrial Policy Statement dated 24th July, 1991, and the notifications issued thereunder, no licensing is required for the Company's products.

(ii) Installed Capacities are as certified by the Management.

(iii) Production of Greases and Lubricating Oils, Barrels and Drums and Blended Teas do not include Nil MT/KL. (108 MT/KL.), 4,337 Nos. (7,710 Nos.) and 935 M.T. (5,414 M.T.) respectively manufactured through outside parties.

Notes on Accounts (Contd.)

15.11 (b) Stock & Sale of goods manufactured (with own materials) :

Class of Goods	Unit	Opening		Closing		Sales	
		Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
Grease & Lubricating Oils	M.T./K.L.	2,511 (2,327)	13,15,70,340 (11,30,04,068)	2,414 (2,511)	15,54,82,387 (13,15,70,340)	23,342 (21,862)	178,19,88,797 (130,39,27,757)
Barrels and Drums	Nos.	34,676 (59,227)	2,60,94,222 (4,56,25,641)	30,938 (34,676)	2,56,87,831 (2,60,94,222)	25,32,635 (27,45,882)	245,61,48,960 (256,10,02,690)
Blended Teas including Bulk, Packets and Tea Bags	M.T.	5 (1)	9,39,838 (1,13,867)	255 (5)	1,29,95,123 (9,39,838)	1,519 (5,625)	10,58,49,103 (35,65,68,330)
Leather Auxiliaries	M.T.	265 (270)	1,46,94,467 (1,15,96,741)	488 (265)	2,49,75,508 (1,46,94,467)	4,587 (4,653)	29,00,88,121 (28,82,39,503)
Others including Manufacturing Scrap			63,85,793 (98,67,646)		22,33,325 (63,85,793)		14,86,67,673 (20,34,49,202)
			17,96,84,660 (18,02,07,963)		22,13,74,174 (17,96,84,660)		478,27,42,654 (471,31,87,482)

Sales do not include Greases & Lubricating Oils 126 M.T./K.L. (110 M.T./K.L.), Barrels and Drums 83,340 Nos. (79,949 Nos.) and Blended Teas 1 M.T. (1 M.T.) internally consumed.

15.11 (c) Stock & Sale of goods manufactured (with customers' materials) :

Class of Goods	Unit	Opening		Closing		Sales	
		Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
Greases & Lubricating Oils	M.T./K.L.	— (—)	— (—)	— (—)	— (—)	8,639 (12,110)	22,83,09,470 (26,76,05,650)
Barrels and Drums	Nos.	1,455 (1,642)	7,561 (—)	10,278 (1,455)	64,485 (7,561)	9,74,541 (9,91,419)	7,43,41,877 (8,25,42,000)
Blended Teas including Bulk, Packets and Tea Bags	M.T.	— (—)	— (—)	— (—)	— (—)	38 (11)	13,65,160 (4,00,972)
			7,561 (—)		64,485 (7,561)		30,40,16,507 (35,05,48,622)

15.12 Analysis of Raw Materials consumed (excluding materials supplied by customers) :

	Unit	Quantity	Value Rs.
Steel	M.T.	52,166 (55,559)	153,99,50,397 (163,00,56,247)
Lubricating Base Oils	K.L.	18,768 (18,042)	64,84,78,944 (52,52,41,660)
Additives and other Chemicals	M.T.	4,567	26,06,54,579
	K.L.	(4,129)	(13,90,80,098)
Vegetable and Other Fats	M.T.	2,934 (2,510)	12,75,10,976 (10,30,38,067)
Tea	M.T.	1,485 (5,624)	11,39,64,906 (32,66,68,080)
Drum Closures	Set	26,82,302 (29,35,909)	5,96,70,369 (5,50,44,337)
Paraffin Wax	M.T.	1,023 (1,122)	5,20,08,720 (4,76,68,097)
Paints	Ltr.	6,84,886 (7,48,661)	4,74,42,267 (5,07,96,659)
Others			29,33,83,002 (25,04,65,546)
			314,30,64,160 (312,80,59,591)

Balmer Lawrie & Co. Ltd.

Notes on Accounts (Contd.)

15.13 Value of Raw Materials, Components and Spare Parts consumed :

	Rs.	%	Rs.	%
Imported	15,82,81,611	4.99	(15,79,69,361)	(5.00)
Indigenous	301,31,48,087	95.01	(300,39,81,235)	(95.00)
	<u>317,14,29,698</u>	<u>100.00</u>	<u>(316,19,50,596)</u>	<u>(100.00)</u>

15.14 (a) Purchase and Sale of Trading Goods :

Class of Goods	Unit	Purchase		Sale	
		Quantity	Value Rs.	Quantity	Value Rs.
Leather Auxiliaries	M.T.	46 (43)	71,08,398 (29,49,523)	39 (39)	62,82,855 (84,35,798)
Speciality Containers	Nos.	11 (-)	37,95,594 (-)	11 (-)	37,85,895 (-)
Oil Well Cement	M.T.	367 (-)	23,55,203 (-)	367 (-)	26,39,463 (-)
Others			25,02,621 (31,91,319)		20,54,082 (22,87,850)
			<u>1,57,61,816</u> <u>(61,40,842)</u>		<u>1,47,62,295</u> <u>(1,07,23,648)</u>

Sales do not include Leather Chemicals Nil MT (15 MT) used for internal consumption.

15.14 (b) Stock of Trading Goods :

Class of Goods	Unit	Opening		Closing	
		Quantity	Value Rs.	Quantity	Value Rs.
Leather Auxiliaries	M.T.	13 (24)	10,98,413 (33,17,228)	20 (13)	22,56,368 (10,98,413)
Others			1,23,262 (1,21,414)		2,502 (1,23,262)
Total			<u>12,21,675</u> <u>(34,38,642)</u>		<u>22,58,870</u> <u>(12,21,675)</u>

15.15 (a) Value of Imports on C.I.F. basis :

	Rs.	Rs.
Raw Materials	15,37,85,990	(16,99,14,445)
Components and Spare Parts	30,53,631	(17,80,709)
Capital Goods	65,25,327	(-)
Turnkey Purchases	15,38,310	(28,76,290)
Trading Goods	58,12,105	(2,66,473)
	<u>17,07,15,363</u>	<u>(17,48,37,917)</u>

15.15 (b) Expenditure in Foreign Currency :

Purchases —		
Raw Materials	12,77,20,456	(12,96,58,601)
Capital Goods	65,25,327	(-)
Turnkey Projects	15,38,311	(28,76,290)
Services	102,82,06,600	(66,78,20,652)
Others	1,18,18,720	(1,19,11,007)
	<u>117,58,09,414</u>	<u>(81,22,66,550)</u>

Notes on Accounts (Contd.)

	<u>Rs.</u>	<u>Rs.</u>
15.15 (c) Earnings in Foreign Currency :		
Export of Goods and Components calculated on F.O.B. basis as invoiced	5,89,94,611	(29,90,10,553)
Interest and Dividend	2,62,54,724	(2,68,07,245)
Services	1,63,31,533	(2,86,91,308)
Freight, Insurance, Exchange Gain and Miscellaneous Items	2,51,34,998	(2,85,15,268)
	<u>12,67,15,866</u>	<u>38,30,24,374</u>

Earnings from services exclude deemed exports of Rs. 3,28,79,294 (Rs. 72,36,748).

- 15.16 Research and Development expenditure charged to Profit & Loss Account during the year 2006-07 amounts to Rs. 1,90,74,449 (Rs. 1,63,04,650).
- 15.17 The company at the beginning of the year had an unutilised amount of Rs. Nil (Rs.5,08,828) out of grant received from Oil Industry Development Board during earlier years. The Company has not received any grant from Oil Industry Development Board during the current year for Research and Development Expenditure. Out of the opening unutilized amount, a sum of Rs. Nil (Rs. 3,14,679) has been utilised and netted off under relevant heads of expenditure and the balance of Grant amounting to Rs. Nil (Rs. 1,94,149) has been refunded to the Oil Industry Development Board. Unutilised balance of the grant at the year end is Rs. Nil (Rs. Nil).
- 15.18 Operations at the Lube Blending Plant at Taloja has been temporarily suspended during 2006-07 due to unremunerative orders.
- 15.19 Differences noticed on physical verification of inventory are not material considering the total raw material consumed and have been duly adjusted in the books of the company. Minor differences noticed in respect of stock with the Excise records are being reconciled and necessary adjustment will be done in the next financial year.
- 15.20 The company had given a Counter Guarantee to Oil Industry Development Board (OIDB) for granting loan to Indian Marine Freight Container Manufacturing Ltd. (IMFCML), erstwhile Joint Venture company, which is under liquidation. The liability against the company's obligation to OIDB was fully provided for during the year 2005-06 as the proceeds from the sale of assets of IMFCML, as per information available to the company will not be adequate to repay fully the Secured Creditors of IMFCML.
- 15.21 **Loans and Advances in the nature of loans to Subsidiary / Joint Ventures / Associates**
The company has not provided any Loans and Advances in the nature of Loans to its subsidiary/Joint Venture Companies/Associates.

15.22. Related Party Disclosures

i) <u>Name of Related Party</u>	<u>Nature of Relationship</u>
Balmer Lawrie Investments Ltd.	Holding Company
Balmer Lawrie (UK) Ltd.	Wholly Owned Subsidiary
Transafe Services Ltd (formerly known as Indian Container Leasing Company Ltd.)	Joint Venture
Balmer Lawrie-Van Leer Ltd.	Joint Venture
Balmer Lawrie (UAE) LLC.	Joint Venture
Avi-Oil India (P) Ltd.	Joint Venture
Balmer Lawrie (Tea) Ltd.	Wholly owned subsidiary of Balmer Lawrie (UK) Ltd.
Proseal Closures Ltd.	Subsidiary of Balmer Lawrie-Van Leer Ltd.
Shri S. K. Mukherjee, Managing Director	Key Management Personnel
Shri P. Radhakrishnan, Director (Calcutta)	Key Management Personnel
Shri V. N. Sharma, Director (Bombay)	Key Management Personnel
Shri K. Subramanyan, Director (Finance)	Key Management Personnel

Notes on Accounts (Contd.)

ii) Transactions with Related Parties

Type of Transaction		Holding Company	Subsidiary	Joint Ventures	Key Management Personnel	Total
		(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
a) Sale of goods	31/03/2007	90,000	2,27,47,071	2,82,97,558	–	5,11,34,629
	31/03/2006	52,000	2,22,37,087	3,65,86,942	–	5,88,76,029
b) Purchase of goods	31/03/2007	–	27,64,763	6,66,21,812	–	6,93,86,575
	31/03/2006	–	22,07,341	5,12,20,717	–	5,34,28,058
c) Value of services rendered	31/03/2007	11,85,000	–	4,72,74,659	–	4,84,59,659
	31/03/2006	10,20,000	17,116	3,41,37,285	–	3,51,74,401
d) Value of services received	31/03/2007	–	–	20,31,566	40,77,784	61,09,350
	31/03/2006	–	–	23,19,895	30,93,715	54,13,610
e) Income from leasing or hire purchase agreement	31/03/2007	–	–	8,59,020	–	8,59,020
	31/03/2006	–	–	1,46,520	–	1,46,520
f) Expenses from leasing or hire purchase agreement	31/03/2007	–	–	–	–	–
	31/03/2006	–	–	51,077	–	51,077
g) Investment in shares as on	31/03/2007	–	18,74,05,904	28,25,54,070	–	46,99,59,974
	31/03/2006	–	18,74,05,904	28,25,54,070	–	46,99,59,974
h) Loans given as on	31/03/2007	–	–	–	4,23,577	4,23,577
	31/03/2006	–	–	–	4,81,754	4,81,754
i) Dividend Income	31/03/2007	–	–	1,76,25,960	–	1,76,25,960
	31/03/2006	–	–	3,48,24,702	–	3,48,24,702
j) Interest Income	31/03/2007	–	–	–	5,192	5,192
	31/03/2006	–	–	–	7,452	7,452
k) Amount received on a/c. of salaries, etc. of Employees deputed or otherwise	31/03/2007	5,06,291	2,09,799	1,22,288	–	8,38,378
	31/03/2006	4,75,033	2,37,161	12,17,768	–	19,29,962
l) Guarantee given during the year ended	31/03/2007	–	–	–	–	–
	31/03/2006	–	–	–	–	–
m) Net outstanding recoverable as on	31/03/2007	61,709	2,30,13,486	2,09,47,428	4,23,577	4,44,46,201
	31/03/2006	40,235	1,31,38,201	4,01,00,448	4,81,754	5,37,60,637
n) Net outstanding payable as on	31/03/2007	–	32,935	70,69,585	–	71,02,521
	31/03/2006	–	38,897	64,81,843	–	65,20,740
o) Balance outstanding against guarantee given as on	31/03/2007	–	–	13,52,50,002	–	13,52,50,002
	31/03/2006	–	–	17,38,92,860	–	17,38,92,860
p) Write-offs made during the year ended on	31/03/2007	–	–	10,800	–	10,800
	31/03/2006	–	–	–	–	–
q) Write-back made during the year ended on	31/03/2007	–	–	2,855	–	2,855
	31/03/2006	–	–	29,038	–	29,038

Notes on Accounts (Contd.)

15.23 The Engineering & Technology Services Division of the Company had during the year 2006-07 undertaken various project assignment for which accounting has been done based on Accounting Standard – 7 (AS-7) – Construction Contracts. The relevant particulars of the project activity are as follows :

	<u>2006-07</u>	<u>2005-06</u>
	Rs.	Rs.
a) Amount of contract revenue recognised as revenue in the period	43,05,06,348	64,25,28,429
b) Method used to determine the contract revenue recognised in the period	Percentage Completion Method	
c) Methods used to determine the stage of completion of contracts in progress	Based on certification of physical progress	
d) Aggregate amount of costs incurred and recognised profits (less recognised losses) up to the reporting date for contracts in progress		
– Costs incurred	62,28,30,563	88,83,37,287
– Recognised Profit	(-) 1,84,91,882	7,03,41,249
e) Advances received for contracts in progress	8,95,307	46,90,470
f) Amount of retentions for contracts in progress	3,13,56,881	4,32,13,314
g) Gross amount due from customers for contract work as an asset	Nil	Nil
h) Gross amount due to customers for contract work as a liability	Nil	Nil

The aforesaid information is based on technical estimates of percentage of Projects completed and expenses likely to be incurred as certified by the Management and relied upon by the Auditors.

15.24 Segment Reporting

Information about business segment for the year ended 31st March, 2007 in respect of reportable segments as defined by the Institute of Chartered Accountants of India in the Accounting Standard – 17 in respect of “Segment Reporting” is attached as Annexure - B.

15.25 Earnings per Share

- (i) Earnings per share of the company has been calculated considering the Profit after Taxation of Rs.70,22,17,396 (Rs. 46,79,97,327) as the numerator.
- (ii) The weighted average number of equity shares used as denominator is 1,62,86,081 (1,62,86,081) and face value per share is Rs. 10.
- (iii) The nominal value of shares is Rs.16,28,60,810 (Rs. 16,28,60,810) and the earnings per share (Basic and Diluted) for the year on the above mentioned basis comes to Rs. 43.12 (Rs. 28.74)

15.26 Accounting for Deferred Taxation

The major components of the net deferred tax liability are :

	<u>2006-07</u>		<u>2005-06</u>	
	Rs./Lakhs	Rs./Lakhs	Rs./Lakhs	Rs./Lakhs
Opening Adjustment				
Net Opening Balance [A]		2770.08		3025.08
Provision for the Current Year				
Liability for timing difference arising during the year on account of :				
a) Provision for loans, debts, deposits, advances & investment, written back	15.03		7.04	
b) Adjustments for VRS expenditure	21.51		–	
c) Adjustment for Tax rate Difference	27.16		–	
d) Unamortised Superannuation Contribution	–	63.70	202.90	209.94
Less :				
i) Fixed Assets written-off in accounts	32.14		94.37	
ii) Depreciation Allowance	81.07		126.76	
iii) Adjustment of VRS expenses	–		91.72	
iv) Superannuation Contribution Charged off	102.45		–	
v) Provision for Leave/LTA/PRMBS, etc.	51.62		84.15	
vi) Adjustment for Tax rate Difference	–		24.09	
vi) Impairment of Assets	39.90		–	
vii) Provision for loans, debts, deposits & advances	56.52	(-) 363.70	43.85	464.94
Net Deferred Tax Liability for the year [B]		(-) 300.00		(-) 255.00
Balance of Deferred Taxation Liability [A+B]		2470.08		2770.08

Notes on Accounts (Contd.)

15.27 Disclosure of Interests in Joint Venture Companies

<u>Name of Joint Venture Company</u>	<u>Proportion of Shareholding</u>	<u>Country of Incorporation</u>
Balmer Lawrie (UAE) Llc.	49%	United Arab Emirates
Balmer Lawrie-Van Leer Ltd.	40%	India
Transafe Services Ltd. (formerly known as Indian Container Leasing Company Limited)	29%	India
Avi-Oil India (P) Ltd.	25%	India

The Company's proportionate share of the estimated amount of contracts remaining to be executed on Capital Accounts relating to the Joint Venture Companies and not provided for in their respective financial statements amounts to Rs. 2,37,12,305 (Rs. 1,96,37,848).

The aggregate amounts of each of the assets, liabilities, income and expenses related to the interests in the Joint Venture Companies are as follows :

Assets	Rs. 129,21,47,308	(Rs. 1,56,25,81,813)
Liabilities	Rs. 60,71,70,061	(Rs. 92,98,72,637)
Income	Rs. 246,79,65,994	(Rs. 226,56,68,145)
Expenses	Rs. 239,92,86,743	(Rs. 216,38,21,456)

15.28 Cost of Services is comprised of :

	<u>Rs.</u>	<u>Rs.</u>
Air/Rail travel costs	459,00,15,822	(429,31,92,662)
Air/Ocean freight	175,72,47,278	(163,39,15,916)
Transportation/Handling	22,48,54,103	(12,02,41,164)
Other Service charges	1,07,50,615	(2,71,85,235)
	<u>658,28,67,818</u>	<u>(607,45,34,977)</u>

15.29 Miscellaneous Expenses shown under "General Expenditure" (Schedule 12) do not include any item of expenditure which exceeds 1% of the total revenue.

15.30 Provision for Contingency

The financial results of the company for the year 2006-07 have been derived after considering creation of a provision for contingency of Rs 41,20,000 (Rs 40,00,000). The provision has been created to cover any contingency arising out of non-realisation/short-realisation of various old debts/advances and old inventory held by various units of the company.

15.31 (a) Previous year's figures have been re-grouped or re-arranged wherever so required to make them comparable with current year figures.

(b) Figures in brackets relate to previous year.

Significant Accounting Policies**SCHEDULE 16****1. Fixed Assets and Depreciation**

- a) Fixed Assets are valued at cost of acquisition inclusive of any other cost attributable to bringing the same to their working condition.
- b) Fixed Assets manufactured/constructed in-house are valued at actual cost of raw materials, conversion cost and other related costs.
- c) Cost of leasehold land is amortised over the period of lease.
- d) Expenditure incurred during construction of capital projects including related pre-production expenses is treated as Capital Work-in-Progress and in case of transfer of the project to another body, the accounting is done on the basis of terms of transfer.
- e) Fixed assets retired from active use and held for disposal are stated at the lower of book value and net realizable value and are shown separately in the financial statements. Loss determined, if any, is recognised in the profit and loss statement.
- f) Depreciation is provided in accordance with the provisions of the Companies Act, 1956, prevailing from time to time at the straight line method except (i) for mobile phones at the rate of 33.33% per annum and (ii) for items given to employees under the furniture equipment scheme which has been provided at the rate of 25% per annum for computers and 15% per annum for other items.
- g) Machinery Spares, which can be used only in connection with an item of fixed asset and whose use is expected to be irregular, are treated as fixed assets and depreciated over a period of five years by charging depreciation @ 20% p.a. on straight line basis.

2. Valuation of Investments

The long term investments made by the company appear at cost inclusive of acquisition charges. Provision is made for diminution in value considering the nature and extent of permanent diminution. Current investments appear at lower of cost or fair value.

3. Valuation of Inventories

- (i) Inventories are valued at lower of cost or net realisable value. For this purpose, the basis of ascertainment of cost of the different types of inventories is as under –
 - a) Raw materials & trading goods (other than tea), stores & spare parts and materials for turnkey projects on the basis of monthly weighted average cost.
 - b) Work-in-progress on the basis of cost of raw materials and conversion cost up to the relative stage of completion.
 - c) Finished goods on the basis of raw materials, conversion cost and other related costs.
 - d) Tea (unblended, blended and packed) - on the basis of specific cost.
- (ii) Tools, dies, jigs and fixtures are written-off over the economic

- (ii) Tools, dies, jigs and fixtures are written-off over the economic life except items costing up to Rs. 10000 which are charged off in the year of issue.

4. Recognition of Revenue

Revenue is recognised in compliance with the following :

- a) In case of sale of goods :
When the property and all significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. Sales are stated exclusive of Sales Tax.
- b) In case of services rendered :
When performance in full or part as having achieved is recognised by the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from rendering the services.
- c) In case of project activities :
As per the percentage of completion method after progress of work to a reasonable extent.
- d) In case of other income :
 - i) Interest on a time proportion basis taking into account the outstanding principal and the relative rate of interest.
 - ii) Dividend from investments in shares on establishment of the Company's right to receive.

5. Employee Benefits

- a) Company's contributions to Provident Fund are charged to Profit and Loss Account.
- b) Employee benefits in respect of Gratuity, Leave Encashment, Long Service Awards and Leave Travel Assistance are charged to Profit & Loss Account on the basis of actuarial valuation made at the year end.
- c) Post retirement medical benefit is also recognised on the basis of actuarial valuation made at the year end.

6. Payments made under Voluntary Retirement / Separation Schemes

- a) Compensation comprising of Ex-gratia, Notice-Pay and Rehabilitation Grant payable to employees separating under Voluntary Retirement/Separation Scheme till 31 March, 2005 is treated as Deferred Revenue Expenditure and is written off as per following instalments :-
 - (i) Paid up to December, 1999 - Five equal yearly instalments ;
 - (ii) Paid during January, 2000 to March, 2005 - Sixty equal monthly instalments.
- b) Payment made under Voluntary Retirement/Separation Scheme - Charged off fully in the year of payment. with effect from 1st April, 2005
- c) The balance of deferred revenue expenditure at the year end to the extent not written off or adjusted in respect of (a) above

Significant Accounting Policies (Contd.)

end to the extent not written off or adjusted in respect of (a) above is carried forward in the Balance Sheet as Miscellaneous Expenditure.

7. Treatment of Prior Period and Extraordinary Items

- a) All prior period items which arise in the current period as a result of error or omission in the preparation of prior period's financial statement are separately disclosed in the current statement of profit & loss. However, differences in actual income/expenditure arising out of over or under estimation in prior period are not treated as prior period income/expenditure.
- b) All extraordinary items, i.e., gains or losses which arise from events or transactions which are distinct from the ordinary activities of the Company and which are material are separately disclosed in the statement of accounts.

8. Foreign Currency Translations

- a) All transactions in foreign currency other than those specified below are converted at the exchange rate prevailing on the respective dates of transactions.
- b) Current assets (other than inventories) and current liabilities are translated at the exchange rate prevailing on the date of Balance Sheet other than those covered with forward contract.
- c) Long Term Investment, Inventories and Fixed Assets are carried at cost.
- d) In case of foreign branch, translation of the financial statement is made on the following basis -
 - i) Revenue items except opening and closing inventories are converted at average rate. Opening and closing inventories are translated at the rate prevailing at the commencement and close respectively.
 - ii) Fixed Assets and depreciation are converted at the exchange rate on the date of the transactions.
 - iii) Other Current Assets and Current Liabilities on the date of the Balance Sheet.
- e) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss Account except as stated above.

9. Accounting for Research & Development

- a) Revenue Expenditure is shown under Primary Head of Accounts with the total of such expenditure being disclosed in the Notes.
- b) Capital expenditure relating to research & development is treated in the same way as other fixed assets.

10. Treatment of Grant/Subsidy

- a) Revenue grant/subsidy in respect of research & development expenditure is set off against respective expenditure.
- b) Capital grant/subsidy against specific fixed assets is set off against the cost of those fixed assets.
- c) When grant/subsidy is received as compensation for extra cost associated with the establishment of manufacturing units or cannot be related otherwise to any particular fixed assets the grant/subsidy so received is credited to capital reserve. On expiry of the stipulated period set out in the scheme of grant/subsidy the same is transferred from capital reserve to general reserve.

11. Impairment of Assets

An assessment is made at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on appropriate discount factor.

12. Accounting for Borrowing Cost

Borrowing Costs that are directly attributable to the acquisition, construction or production of assets which take substantial period of time to get ready for its intended use are capitalised as part of the cost of those assets. Other Borrowing Costs are recognised as expense in the period in which they are incurred.

Signature to Schedules 1 to 16

For GUPTA & CO.
Chartered Accountants

S. K. GANGULI
Partner

Membership No. 6622
Kolkata, the 14th June, 2007

S. K. Mukherjee
Managing Director

M. Singh
A. Kaushik
P. Radhakrishnan
V. N. Sharma
K. Subramanyan
Directors

R. Mukherjee
Secretary

PART –

**Statement of Disputed Dues as on 31st March, 2007
(Not provided for in the accounts)**

ANNEXURE –

Name of the Statute	Nature of the Dues	Amount (Rs.)		Period to which the amount relates	Forum where dispute is pending
		2006-07	2005-06		
Sales Tax Act	Sales Tax	17,66,621	17,66,621	Assessment Year 1994/95	Tribunal, Mumbai
		1,55,046	1,55,046	Assessment Year 1994/95	Tribunal, Mumbai
		2,43,000	2,43,000	Assessment Year 1991/92	Tribunal, Agra
		1,68,000	1,68,000	Assessment Year 1992/93	Tribunal, Agra
		—	18,000	Assessment Year 1993/94	Tribunal, Agra
		—	81,000	Assessment Year 1996/97	Tribunal, Agra
		2,03,473	2,03,473	Assessment Year 1996/97	Tribunal, Mumbai
		9,50,324	9,50,324	Assessment Year 1996/97	Dy. Commissioner, Mumbai
		7,14,616	7,14,616	Assessment Year 1996/97	Dy. Commissioner, Mumbai
		56,173	56,173	Assessment Year 1997/98	Dy. Commissioner, Mumbai
		200,165	2,00,165	Assessment Year 1996/97	Dy. Commissioner, Mumbai
		21,21,366	21,21,366	Assessment Year 1997/98	Dy. Commissioner, Mumbai
		50,424	50,424	Assessment Year 1997/98	Dy. Commissioner, Mumbai
		81,584	81,584	Assessment Year 1997/98	Dy. Commissioner, Mumbai
		52,430	52,430	Assessment Year 1998/99	Dy. Commissioner, Mumbai
		9,66,672	9,66,672	Assessment Year 1998/99	Dy. Commissioner, Mumbai
		40,044	40,044	Assessment Year 1998/99	Dy. Commissioner, Mumbai
		1,01,757	1,01,757	Assessment Year 1998/99	Dy. Commissioner, Mumbai
		34,556	34,556	Assessment Year 1999/00	Dy. Commissioner, Mumbai
		2,01,714	2,01,714	Assessment Year 1999/00	Dy. Commissioner, Mumbai
		1,53,810	1,53,810	Assessment Year 1999/00	Dy. Commissioner, Mumbai
		1,79,368	1,79,368	Assessment Year 1999/00	Dy. Commissioner, Mumbai
		5,77,782	5,77,782	Assessment Year 2000/01	Dy. Commissioner, Mumbai
		90,446	90,446	Assessment Year 2000/01	Dy. Commissioner, Mumbai
		60,530	—	Assessment Year 2001/02	Dy. Commissioner, Mumbai
		8,07,677	807,677	Assessment Year 2000/01	Dy. Commissioner, Mumbai
		4,84,959	—	Assessment Year 2001/02	Dy. Commissioner, Mumbai
		1,34,704	1,34,704	Assessment Year 2000/01	Dy. Commissioner, Mumbai
		1,68,476	—	Assessment Year 2001/02	Dy. Commissioner, Mumbai
		1,37,208	—	Assessment Year 2001/02	Dy. Commissioner, Mumbai
		3,78,163	3,78,163	Assessment Year 1996/97 (WBST Act. 94)	Appliate & Revisional Board
		51,55,038	51,55,038	Assessment Year 2001/02 (WBST Act. 94)	Dy. Commissioner, West Bengal
		73,46,972	73,46,972	Assessment Year 2001/02 (CST Act. 56)	Dy. Commissioner, West Bengal
		1,94,72,067	1,94,72,067	Assessment Year 2002/03 (WBST Act. 94)	Dy. Commissioner, West Bengal
		1,59,08,759	1,66,04,563	Assessment Year 2002/03 (CST Act. 56)	Dy. Commissioner, West Bengal
		1,27,87,227	—	Assessment Year 2003/04 (WBST Act. 94)	Dy. Commissioner, West Bengal
		75,90,087	—	Assessment Year 2003/04 (CST Act. 56)	Dy. Commissioner, West Bengal
		1,65,000	—	Assessment Year 2003/04	Jt. Commissioner (Appeals), Mathura
		1,42,000	—	Assessment Year 2004/05	Jt. Commissioner (Appeals), Mathura
		3,84,802	—	Assessment Year 1988/89	CTO, Kochin
		96,000	—	Assessment Year 1990/91	CTO, Kochin
		58,584	—	Assessment Year 1991/92	CTO, Kochin
		98,601	—	Assessment Year 1992/93	CTO, Kochin
		13,16,929	13,16,929	Assessment Year 1992/93	CTO, Kochin
		69,38,060	69,38,060	Assessment Year 1993/94	CTO, Kochin
		9,34,490	7,43,350	Assessment Year 1993/94	CTO, Kochin
		83,835	55,000	Assessment Year 1994/95	CTO, Kochin
		5,13,008	4,99,000	Assessment Year 1995/96	CTO, Kochin
		2,24,849	2,24,849	Assessment Year 2005/06	CTO, Kochin
		900,835	9,00,835	Assessment Year 2005/06	CTO, Kochin
15,61,839	15,61,839	Assessment Year 1993/94	Appelate Tribunal, Kochin		
3,78,163	3,78,163	Assessment Year 2001/02	Appelate Tribunal, Kochin		
1,81,992	1,81,992	Assessment Year 2003/04	Asst. Commissioner, Chennai		
14,64,835	—	Assessment Year 1998/99	AAC, Chennai		
Sub Total		<u>9,49,85,060</u>	<u>7,19,07,573</u>		

**Statement of Disputed Dues as on 31st March, 2007
(Not provided for in the accounts)**

Name of the Statute	Nature of the Dues	Amount (Rs.)		Period to which the amount relates	Forum where dispute is pending
		2006-07	2005-06		
Central Excise Act	Excise Duty	91,15,000	91,15,000	October, 2000	High Court, Delhi
		–	45,20,000	April, 1997	Dy. Commissioner, Mathura
		2,62,30,188	2,62,30,188	July 1997	Appellate Tribunal, Kolkata
		16,30,595	16,30,595	Feb. 2004	Appellate Tribunal, Kolkata
		5,34,88,834	5,10,18,657	July 00 to Dec. 02	CESTAT
		12,80,453	12,14,398	Jan 03 to July 03	CESTAT
		10,49,201	9,77,976	May 2004	CESTAT
		2,52,54,015	2,40,87,755	July 00 to Dec. 02	Commissioner, Mumbai
		38,50,728	36,52,080	Feb. 2004	Jt. Commissioner, Mumbai
		1,07,511	1,02,936	March 2006	Asstt. Commissioner, Mumbai
		84,247	80,357	March 2006	Asstt. Commissioner, Mumbai
		12,01,353	11,41,401	Jan. 2006	Asstt. Commissioner, Mumbai
		1,98,461	1,98,461	March 2006	Asstt. Commissioner, Mumbai
		2,70,246	2,70,246	March 2006	Asstt. Commissioner, Mumbai
		1,93,932	1,89,206	March 2006	Commissioner(Appeal) Mumbai
		41,50,396	20,75,198	March 2006	Commissioner, Mumbai
		SUB TOTAL	12,81,05,160	12,65,04,454	
Cess		60,83,415	55,90,165	Assessment Year 1999/00	High Court, Mumbai
		49,97,375	45,83,882	Assessment Year 2000/01	High Court, Mumbai
SUB TOTAL	1,10,80,790	1,01,74,047			
Service Tax Act	Service Tax	1,29,12,288	1,17,76,133	August 2002, March 2005	Commissioner of Central Excise (Adjn)
		71,85,303	–	April 2005, March 2006	- Do -
		–	9,32,997	January 2002, March 2006	Superintendent (Prev)
		75,53,072	–	May 2005, March 2006	Commissioner of Central Excise, Customs & S. Tax Raigad Commissionerate
	2,76,50,663	1,27,09,130			
GRAND TOTAL		26,18,21,672	22,12,95,203		

**Statement of Disputed Dues as on 31st March, 2007
(Fully provided for in the accounts)**

Name of the Statute	Nature of the Dues	Amount (Rs.)		Period to which the amount relates	Forum where dispute is pending
		2006-07	2005-06		
Indian Stamp Act	Stamp Duty	90,92,445	90,92,445	2002/03	High Court, Mumbai

Annexure – B (Note 15.24)
Information About Business Segments for the year ended 31st March, 2007

	Industrial Packaging		Logistics Infra-Structure & Services		Travel and Tours		Greases and Lubricants		Others		Consolidated Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
SEGMENT REVENUE												
External Revenue	230,60,34,585	241,27,44,049	316,37,77,996	282,42,94,271	487,16,72,703	453,91,72,315	170,22,86,820	128,72,19,062	87,83,30,336	138,89,83,326	129,22,02,440	124,52,13,023
Inter-Segment Revenue	6,74,61,142	6,64,02,202	34,48,323	40,00,450	23,93,488	19,94,560	33,80,423	29,56,894	27,13,355	42,33,459	7,93,96,731	7,95,87,565
Total Segment Revenue	237,34,95,727	247,91,46,251	316,72,26,319	282,82,94,721	487,40,66,191	454,11,66,875	170,56,67,243	129,01,75,956	88,10,43,691	139,32,16,785	1300,14,99,171	1253,20,00,588
Less :												
Inter-Segment Revenue											7,93,96,731	7,95,87,565
Add :											8,07,55,071	7,19,82,315
Other Unallocable Revenue											1300,28,57,511	1252,43,95,338
TOTAL REVENUE												
SEGMENT RESULT												
Profit/(Loss) before Interest & Tax	24,83,33,532	25,15,33,324	78,88,49,456	74,48,03,169	15,75,03,799	13,34,49,056	10,08,18,076	8,68,45,626	(-),2,75,04,977	2,55,05,729	12,67,79,987	12,42,13,690
Less :												
Interest Expense											3,66,49,670	7,83,84,817
Prior Period Adjustments											(-),2,15,911	13,041
Other Unallocable Expenditure (net of Unallocable Revenue)											16,99,48,732	35,52,41,719
TOTAL PROFIT BEFORE TAX											10,61,67,396	80,84,97,327
OTHER INFORMATION												
Segment Assets	114,34,51,272	117,41,61,682	119,04,63,210	112,98,46,694	77,69,18,106	68,37,11,424	101,20,96,128	90,57,75,768	81,86,65,873	82,32,77,841	49,41,59,489	47,67,73,409
Other Unallocable Assets											108,57,09,907	89,94,06,182
Total Assets	29,17,40,096	33,48,04,450	96,76,76,323	79,91,84,101	30,07,44,382	33,41,30,999	42,95,02,408	26,47,39,298	19,00,98,318	28,52,71,059	60,27,30,496	56,161,79,591
Segment Liabilities	2,75,25,887	1,78,79,271	3,20,86,721	3,32,11,681	17,27,506	19,23,933	66,29,724	51,98,004	3,05,26,844	2,31,03,870	9,84,96,682	8,13,16,759
Other Unallocable Liabilities	3,27,98,964	3,97,26,744	2,97,74,453	3,05,97,089	28,12,119	29,43,690	1,80,81,603	1,79,25,685	2,29,94,040	2,82,84,802	10,64,61,179	11,94,78,010
Total Liabilities	1,59,11,881	1,56,27,692	62,79,591	62,79,591	18,94,373	19,28,444	57,16,438	57,16,438	1,61,67,755	1,90,70,913	4,59,70,038	4,86,23,078

Notes :

- Details of products/services included in each of the above Business Segments are given below :
 - Industrial Packaging – Barrels & Drums
 - Logistics Infrastructure & Services – Logistics Services & Container Freight Station Activities
 - Travel & Tours – Travel (Ticketing), Tours & Money Changing Activities
 - Greases & Lubricants – Greases & Lubricating Oils
 - Others – Engineering & Technology Services, Tea Blending & Packaging, Leather Chemicals etc.
- Segment Revenue, Segment Expenses and Segment Results include transfers between Business Segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods and are eliminated in consolidation.

Balmer Lawrie & Co. Ltd.

Balance Sheet Abstract and Company's general business profile

I. Registration Details

Registration No.	4 8 3 5	State Code	2 1
Balance Sheet Date	3 1 0 3 2 0 0 7		
	Date Month Year		

II. Capital raised during the year (Amount in Rs. Lakhs)

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Lakhs)

Total Liabilities	3 0 4 7 6	Total Assets	3 0 4 7 6
SOURCES OF FUNDS			
Paid up Capital	1 6 2 9	Reserves & Surplus	2 5 4 0 2
Secured Loans	0 9 7 5	Unsecured Loans	0 0 0 0 0
Deferred Taxation Provision	2 4 7 0		
APPLICATION OF FUNDS			
Net Fixed Assets	1 6 5 5 9	Investments	0 4 7 1 4
Net Current Assets	0 8 8 7 8	Misc. Expenditure	0 0 3 2 4
Accumulated Losses	0 0 0 0 0		

IV. Performance of the Company (Amount in Rs. Lakhs)

Turnover	1 3 0 0 2 9	Total Expenditure	1 1 9 4 1 3
Profit/(Loss) Before Tax	1 0 6 1 6	Profit/(Loss) After Tax	0 7 0 2 2
Earning Per Share (in Rs.)	0 4 3	Dividend Rate (%)	1 3 5

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	7 3 1 0 . 1 0
Product Description	S T E E L D R U M S & B A R R E L
Item Code No. (ITC Code)	2 7 1 0 . 0 0
Product Description	G R E A S E & L U B R I C A T I N G O I L
Item Code No. (ITC Code)	N A (*)
Product Description	T R A V E L T O U R S & L O G I S T I C S

*No Item Code has been assigned to Travel, Tours and Logistics under the Indian Trade Classification

Kolkata, the 14th June, 2007

S. K. Mukherjee
Managing Director

M. Singh
A. Kaushik
P. Radhakrishnan
V. N. Sharma
K. Subramanyan
Directors

R. Mukherjee
Secretary

Cash Flow Statement for the year ended 31st March, 2007

	Year ended March 31, 2007	(Rs. in Lakhs) Year ended March 31, 2006
A. Cash Flow from operating activities		
Net Profit before tax [Note 1]	10628	8045
Adjustment for		
Depreciation and fixed assets written off	1170	1482
Impairment loss on fixed assets	117	—
Interest/Dividend	190	436
Investment written off	1	22
Deferred Revenue Expenditure (charged off during the year)	460	486
Operating Profit before Working Capital Changes	12566	10471
Trade and other receivables	(2057)	(3522)
Inventories	(32)	(84)
Trade Payables	1926	3554
Cash generated from operations	12403	10419
Direct Taxes paid	(3907)	(3717)
Interest paid	(255)	(316)
NET CASH FROM OPERATING ACTIVITIES	8241	6386
B. Cash Flow from investing activities		
Purchase of Fixed Assets	(1048)	(580)
Sale of Fixed Assets	202	65
Dividend received	439	353
NET CASH FROM INVESTING ACTIVITIES	(407)	(162)
C. Cash Flow from financing activities		
Proceeds from Long Term Borrowings	(2794)	(4091)
Interest paid on Long Term Borrowings	(111)	(468)
Dividend paid	(1462)	(893)
Corporate Tax on Dividend	(206)	(127)
NET CASH FROM FINANCING ACTIVITIES	(4573)	(5579)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	3261	645
CASH & CASH EQUIVALENTS – OPENING BALANCE	1565	920
CASH & CASH EQUIVALENTS – CLOSING BALANCE	4826	1565

For GUPTA & CO.
Chartered Accountants

S. K. GANGULI
Partner

Membership No. 6622
Kolkata, the 14th June, 2007

S. K. Mukherjee
Managing Director

M. Singh
A. Kaushik
P. Radhakrishnan
V. N. Sharma
K. Subramanyan
Directors

R. Mukherjee
Secretary

Notes on Cash Flow Statement

1. The above Cash Flow Statement has been prepared under "Indirect Method" set out in Accounting Standard - 3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

	2006-2007	2005-2006
		(Rs. in Lakhs)
		<u>2005-2006</u>
2. Net Profit after tax as per Profit & Loss A/c	7022	4680
Add : Tax Provision (Net)	3594	3405
	<u>10616</u>	8085
Less : Profit/(Loss) on disposal of Fixed Assets (Net)	(12)	40
Net Profit before tax	<u>10628</u>	<u>8045</u>
3. Changes in Working Capital – Computation (Excluding items shown separately)		
Current Assets		
Sundry Debtors	19771	18467
Loans & Advances	6051	5298
Inventories	8028	7996
	<u>33850</u>	<u>31761</u>
Current Liabilities		
Trade Payables	26802	24876
Net Current Assets	<u>7048</u>	<u>6885</u>
Changes	<u>163</u>	51
4. Component of Cash and Cash equivalent		
Cash and Bank Balances	4826	1565
Cash Credit/Demand Loan	-	-
	<u>4826</u>	<u>1565</u>
Changes	<u>3261</u>	645

For GUPTA & CO.
Chartered Accountants
S. K. GANGULI
Partner
Membership No. 6622
Kolkata, the 14th June, 2007

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Balmer Lawrie & Co. Ltd.

Statement Regarding Subsidiary Company
Pursuant to Section 212 (1) and (3) of the Companies Act, 1956

	<u>USD</u>	<u>Converted</u> <u>@ Rs. 43.36/USD</u>
BALMER LAWRIE (UK) LTD.		
a) Holding Company's Interest :		
Entire Issued Share Capital of Ordinary Shares of £ 1 each fully paid up at cost	53,37,478	23,14,33,046
b) Net aggregate amount of Subsidiary's Profit/(Loss) not dealt with in the Holding Company's accounts :		
i) for the Subsidiary's financial year ended 31st March, 2007	3,69,650	1,60,28,024
ii) for the previous financial years (cumulative)	18,20,414	7,89,33,151
c) Net aggregate amount of Subsidiary's Profit/(Loss) dealt with in the Holding Company's accounts :		
i) for the Subsidiary's financial year ended 31st March, 2007	Nil	Nil
ii) for the previous financial years	Nil	Nil

Kolkata, the 14th June, 2007

S. K. Mukherjee
Managing Director

M. Singh
A. Kaushik
P. Radhakrishnan
V. N. Sharma
K. Subramanyan
Directors

R. Mukherjee
Secretary

Balmer Lawrie & Co. Ltd.

The following particulars as on 31st March, 2007 are provided pursuant to the direction of the Ministry of Company Affairs vide their letter no. 47/118/2007 – CL-III dated 17th April, 2007 relating to Balmer Lawrie (UK) Limited and Balmer Lawrie (Tea) Limited

BALMER LAWRIE (UK) LIMITED	USD	Converted @ Rs. 43.36/USD
(a) Share Capital	53,37,478	23,14,33,046
(b) Reserves and Surplus	21,90,064	9,49,61,175
(c) Total Assets	76,15,460	33,02,06,346
(d) Total Liabilities	87,918	38,12,124
(e) Details of Investments (except in case of Investment in Subsidiary)	—	—
(f) Turnover	11,77,939	5,10,75,435
(g) Profit/(-)Loss before Taxation	3,72,800	1,61,64,608
(h) Provision for Taxation	3,150	136,584
(i) Profit/(-)Loss after Taxation	3,69,650	1,60,28,024
(j) Proposed Dividend	—	—

BALMER LAWRIE (TEA) LIMITED [Wholly-owned Subsidiary of Balmer Lawrie (UK) Limited]	GBP	Converted @ Rs. 84.36/GBP
(a) Share Capital	3,08,236	2,60,02,789
(b) Reserves and Surplus	(-) 1,10,867	(-) 93,52,740
(c) Total Assets	12,68,844	10,70,39,680
(d) Total Liabilities	10,71,475	9,03,89,631
(e) Details of Investments (except in case of Investment in Subsidiary)	—	—
(f) Turnover	11,05,133	9,32,29,020
(g) Profit/(-)Loss before Taxation	(-) 62,577	(-) 52,78,996
(h) Provision for Taxation	(-) 20,001	(-) 16,87,284
(i) Profit/(-)Loss after Taxation	(-) 42,576	(-) 35,91,711
(j) Proposed Dividend	—	—