

Report on Corporate Governance**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 T Ahmad, Shri A K Jain, Shri P Radhakrishnan and Shri V N Sharma.

Shri S K Mukherjee

Managing Director

Shri Mukherjee has been appointed Managing Director by the Government of India on 1 April 2005. He has been holding the additional charge of Director (Finance) also. The terms of appointment of Shri Mukherjee have already been circulated to the members on 20 July 2005 pursuant to Section 302 of the Companies Act, 1956.

Shri Mukherjee was initially appointed a Whole-time Director on 8 October 2002 as Director (Finance). He was re-appointed at the 86th Annual General Meeting held on 24 September 2004.

Shri Mukherjee has served the Company in various capacities since January 1976.

Shri Mukherjee also holds Directorship in the following companies :

Name of the Company	Position held in Board	Position held in Committee
Balmer Lawrie (UK) Ltd.	Director	
Indian Container Leasing Company Ltd.	Director	Member-Audit Committee
Balmer Lawrie (UAE) LLC	Director	
Avi-Oil India (P) Ltd.	Director	
Balmer Lawrie Van Leer Ltd.	Director	
Proseal Closures Ltd.	Director	
Bengal Chamber of Commerce & Industry	Director	
Balmer Lawrie (Tea) Ltd.	Director	

Shri T Ahmad

Government Nominee Director

Shri Talmiz Ahmad, IFS, Additional Secretary in the Ministry of Petroleum & Natural Gas (MOP&NG) has been appointed an additional director as the nominee of MOP&NG on 6 April 2005. Shri Ahmad is a non-executive Director. At the 88th Annual General Meeting an ordinary

resolution may be considered as a special business by the members for appointment of Shri Ahmad as director.

Shri Ahmad also holds Directorship in the following companies :

Name of the Company	Position held
Engineers India Limited	Director
ONGC-Videsh Limited	Director

Shri A K Jain

Government Nominee Director

Shri A K Jain, IAS, is a nominee of the Ministry of Petroleum and Natural Gas, Government of India. He was appointed a Director on 29 September 2003 and was re-appointed at the 87th Annual General Meeting held on 24 September 2004.

Shri Jain also holds Directorship in the following company:

Name of the Company	Position held
Biecco Lawrie Ltd.	Director

Shri P Radhakrishnan

Wholetime Director

Shri Radhakrishnan was appointed on 11 March 2003 who is responsible for some of the strategic business units of the Company. He was re-appointed at the 86th Annual General Meeting held on 24 September 2003

Shri Radhakrishnan has been an officer of the Company since February 1984 and has served in various capacities.

Shri Radhakrishnan also holds Directorship in the following companies :

Name of the Company	Position held
Balmer Lawrie (UK) Ltd.	Director
Balmer Lawrie (UAE) LLC	Director
Balmer Lawrie (Tea) Ltd.	Director

Shri V N Sharma

Wholetime Director

Shri V N Sharma has been appointed a Director by the Government of India. Accordingly, he has been inducted on the Board as an Additional Director on 20 January 2005. At the 88th Annual General Meeting, an ordinary resolution may be considered as a special business by the members for appointment of Shri Sharma as Director. The terms of appointment of Shri Sharma have already been circulated to the members on 16 May 2005 pursuant to Section 302 of the Companies Act, 1956.

Shri Sharma is responsible for some of the strategic business units of the Company.

Shri Sharma has been an officer of the Company since 1975.

Shri Sharma also holds Directorship in the following companies:

Name of the Company	Position held
Balmer Lawrie Van Leer Limited	Director
Indian Container Leasing Company Limited	Director

Attendance of Directors at the Board Meetings held during April 2004 to July 2005 and at the Annual General Meetings held in 2002, 2003 and 2004.

Name of the Directors	Date of the Board Meetings held during April 2004 to July 2005									Date of the Annual General Meetings held during 2002 to 2004				
	26 May 2004	19 July 2004	15 October 2004	24 November 2004	12 January 2005	24 March 2005	23 May 2005	28 July 2005				25 September 2002	24 September 2003	24 September 2004
Shri S K Mukherjee	✓	✓	✓	✓	✓	✓	✓	✓				—	✓	✓
Shri T Ahmad	—	—	—	—	—	—	X	X				—	—	—
Shri A K Jain	✓	✓	X	X	✓	✓	X	X				—	—	✓
Shri P Radhakrishnan	✓	✓	✓	✓	✓	✓	✓	✓				—	✓	✓
Shri V N Sharma	—	—	—	—	—	✓	✓	✓				—	—	—

Notes : '✓' denotes present, 'X' denotes absent and '—' denotes not applicable

1. Shri T Ahmad was appointed on 6 April 2005
2. Shri A K Jain was appointed on 29 September 2003
3. Shri V N Sharma was appointed on 20 January 2005

Audit Committee

The Audit Committee had four meetings during the financial year 2004-2005. The Committee reviewed the audited and un-audited financial results for the relevant periods and also examined the recommendations of the Internal Auditor and quality of implementation of such recommendation by the Strategic Business Units. The Audit Committee reviewed the adequacy of internal control, and effectiveness of various systems and procedures in the Company.

At present the Audit Committee is chaired by Shri A K Jain. Shri S K Mukherjee and Shri P Radhakrishnan are the members of the Audit Committee.

The Committee needs to be reconstituted by induction of appropriate number of independent directors, which is under active consideration of the Administrative Ministry.

Remuneration Committee

Formation of a Remuneration Committee is a non-mandatory requirement under Clause 49 of the Listing Agreement. Balmer Lawrie & Co Limited 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.

Shareholders' / Investors' Grievance Committee

On 23 May 2005 the Committee had met and took on record the status of investors' service being rendered and also suggested certain improvements by greater adoption of technology and quality and improvement initiatives.

This Committee is being chaired by Shri A K Jain and

Balmer Lawrie & Co. Ltd.

Shri S K Mukherjee and Shri P Radhakrishnan are the members.

Share Transfer procedure

The Share Transfer Committee (STC) governs the physical share transfer related activities and meets on every Monday and Thursday. Shri S K Mukherjee and Shri P Radhakrishnan are the members of STC.

A monthly audit of the share transfer process is carried out by a Practising Company Secretary to ensure the compliance of Clause 47(c) of the listing agreement. Monthly audit report in this regard and review of share transfer process are furnished to the Board of Directors in all its meetings by the Compliance Officer.

The Company has complied with the requirements of the Clause 47(c) of the Listing Agreement with the Stock Exchanges as on 30 September 2004 and 31 March 2005.

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 dividend warrants and status of dematerialisation of shares.

Secretarial Audit

Secretarial Audit is not a mandatory requirement for the Company.

However, to ensure greater monitoring and reporting on the legal compliance of major corporate laws, 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 2005. The report reveals *inter-alia* that the Company has complied with all the applicable provisions of the Companies Act, 1956, the Listing Agreements and SEBI guidelines.

Legal Compliance Audit

The Company has introduced an audit system to check the quality of compliance of all applicable laws under which the Company operates. The Board shall make a periodic review of such legal compliance audit and initiate whatsoever measures required.

Board Procedure

The Board of Directors meet 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 and the Director (Finance), wherever the proposal involves financial implications.

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.

The Board Agenda is divided into certain portions like, customary items, matters deferred from the earlier meeting, decision items, information items and certain statutory items.

The Board obtains a quarterly report relating to (1) show cause, demands, prosecution notices and penalty notices which are materially important; (2) fatal or serious accidents, dangerous occurrences and material effluent or pollution issues; (3) any material default in financial obligations to and by the Company; (4) substantial non-payment of goods sold but not provided for or written off; (5) transaction that involve substantial payment towards goodwill, brand equity or intellectual property and (6) details relating to foreign exchange exposure in respect of export/import and steps taken for mitigating foreign exchange risks. These reportings are made on quarterly basis to the Board pursuant to Clause 49 of the Listing Agreement with the stock exchanges.

Dematerialisation of shares

On and from 26 June 2000 the equity shares of the Company are available for trading only in dematerialised form. At present about 96% of the total share capital of the Company has been dematerialised.

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. It is proposed that the shareholders located at major cities may obtain their dividend through ECS.

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, upto the financial year 1996-97 have been deposited to the "Investor Education and Protection Fund" of the Central Government, by the Company.

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:

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 March 2005 (Rs.)	% of Unclaimed Dividend on the total Dividend	Due date of transfer to Investor Education and Protection Fund
2 November 1998	1997-98	5,21,15,459.00	3.20	5,51,401.60	1.06	2 November 2005
3 November 1999	1998-99	4,88,58,243.00	3.00	5,03,880.00	1.03	3 November 2006
30 May 2000	1999-00 (Interim)	2,44,29,122.00	1.50	5,09,244.00	2.08	30 May 2007
2 November 2000	1999-00 (Final)	1,62,86,081.00	1.00	2,61,827.00	1.61	2 November 2007
28 September 2001	2000-01	2,44,29,122.00	1.50	2,80,632.00	1.15	28 September 2008
3 October 2002	2001-02	2,93,14,946.00	1.80	3,76,066.60	1.28	3 October 2009
1 October 2003	2002-03	5,04,86,851.00	3.10	6,33,615.20	1.25	1 October 2010
1 October 2004	2003-04	5,70,01,284.00	3.50	6,31,316.00	1.11	1 October 2011

The Company has filed with the Registrar of Companies, West Bengal, the following Quarterly Statements duly certified by a Practising Company Secretary regarding the

amount due and credited to the Investor Education & Protection Fund for the quarters ended during 1 April 2004 to 30 June 2005:

Quarter ended on	Due date of Compliance	Date of Compliance
30 June 2004	5 July 2004	5 July 2004
30 September 2004	5 October 2004	5 October 2004
31 December 2004	5 January 2005	5 January 2005
31 March 2005	5 April 2005	5 April 2005
30 June 2005	5 July 2005	4 July 2005

Special Business considered in the General Meetings held in last three years

Date & Time	Venue	Type of Meeting	Special Business Considered
24 September 2004 at 10.30 a.m.	G. D. Birla Sabhagar 29, Ashutosh Choudhury Avenue, Kolkata - 700 019	The 87th Annual General Meeting (AGM)	<ul style="list-style-type: none"> ■ Appointment of Shri A K Jain as Director.
24 September 2003 at 10.30 a.m.	Same as above	The 86th AGM	<ul style="list-style-type: none"> ■ Change of place of preservation of Register of Members and Index of Members of the Company due to change of the Registrar. ■ Appointment of Shri S K Mukherjee, as Director (Finance). ■ Appointment of Shri P Radhakrishnan as Director (Calcutta).
25 September 2002 at 10.30 a.m.	Same as above	The 85th AGM	<ul style="list-style-type: none"> ■ Change of place of preservation of Register of Members and Index of Members of the Company due to change in location of the Office of the Registrar.

Disclosures

- There was no materially significant related party transaction executed during the financial year ended 31 March 2005 as required to be disclosed under Clause 49 of the Listing Agreement, except as has been mentioned under Clause 16.21(i) and (ii) of Schedule-16 of the Notes on the Annual Accounts which were all carried out at arm's length prices and all disclosures have been made in accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants 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 31 March 2005.
- The Company has introduced a Code for Prohibition of Insider Trading in March 2003. Governance of the Code is done by the Compliance Officer.
- 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 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.

Means of Communication

- Financial results are generally published in Business Standard (English), Financial Express (English), Sambad Pratidin (Bengali), Dainik Viswamitra (Hindi) and Janasatta (Hindi).
- The financial results are also displayed in www.balmerlawrie.com

Shareholders' Information

Date and time of the 88th Annual General Meeting : 23 September 2005 at 10.30 a.m.

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

Financial year ended on : 31 March 2005

Date of Payment of Dividend : 29 September 2005

Date of Book Closure : 16 September 2005 to 23 September 2005 (both days inclusive)

Last date of submission of ECS mandate/Bank particulars : 16 September 2005 to Intime Spectrum Registry Ltd 59-C, Chowringhee Road Kolkata - 700 020
Phone (033) 2289 0539
Phone/Fax : (033) 2289 0540
E-mail : kolkata@intimespectrum.com

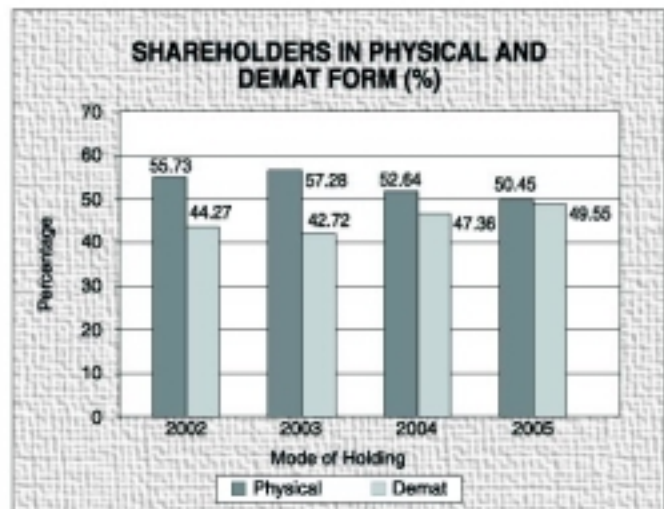
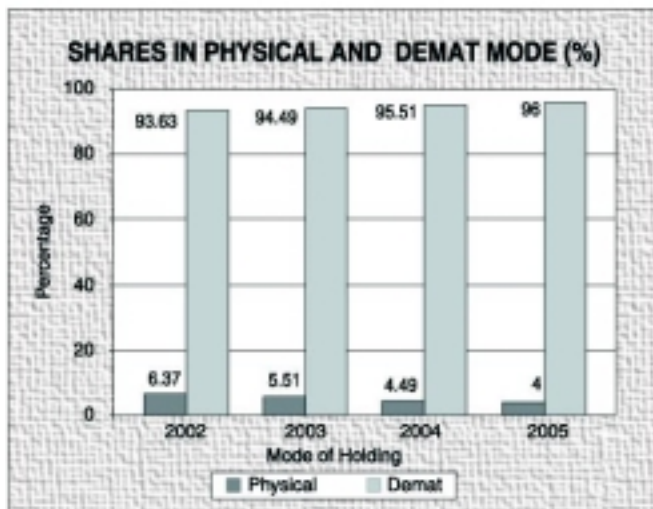
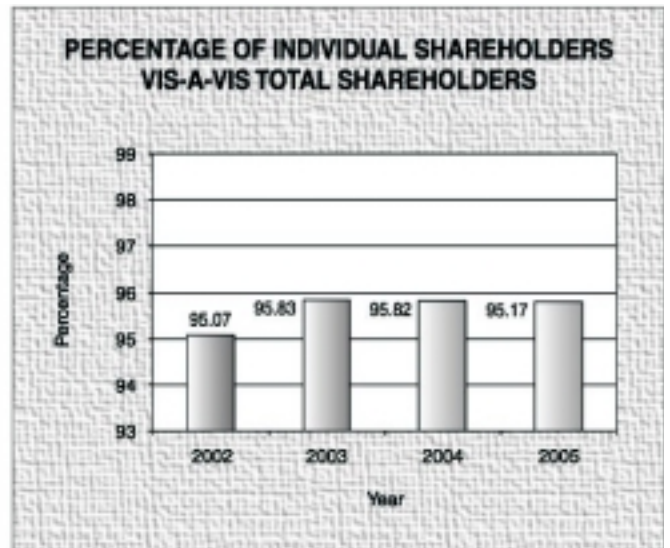
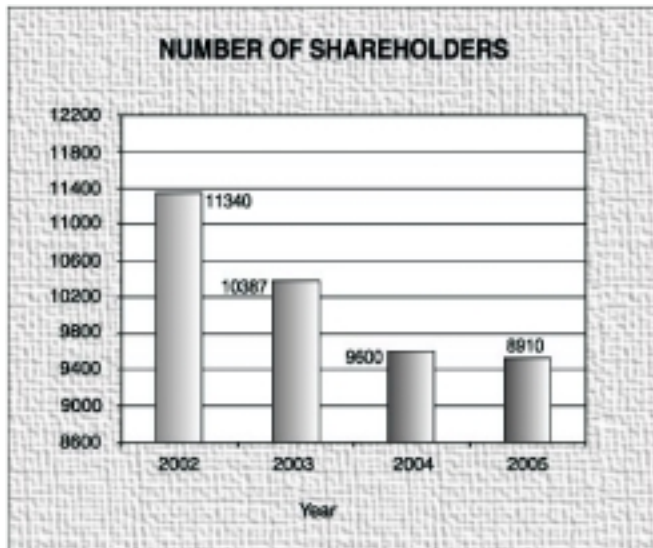
Depositories with whom Company has entered into agreement

Name	ISIN Code
Central Depository Services (India) Limited	INE 164A01016
National Securities Depository Limited	-Do-

Name and address of the Stock Exchanges where the equity shares of the Company are listed :		
Name and address of the Stock Exchanges	Stock Code	Paid Annual Listing Fee (2005-06) to the Stock Exchanges on
The Stock Exchange – Ahmedabad Kamdhenu Complex, Opp. Sahjanand College Panjarapole, Ahmedabad 380 015	07590/BALMERLWR	26 May 2005
Madras Stock Exchange Ltd. 30 Second Line Beach Post Box No. 183 Chennai 600 001	BLW	19 April 2005
The Delhi Stock Exchange Association Ltd. DSE House 3/1, Asaf Ali Road New Delhi 110 002	002039	25 April 2005
The Calcutta Stock Exchange Association Ltd. 7 Lyons Range, Kolkata 700 001	12073	17 June 2005
The Stock Exchange – Mumbai Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001	523319	27 May 2005
National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex, Bandra (E) Mumbai 400 051	BALMLAWRIE	18 April 2005

It is proposed that the issued equity shares presently listed with Ahmedabad, Madras, Delhi and Calcutta Stock Exchanges be de-listed subject to approval of the members at the 88th Annual General Meeting and pursuant to compliance of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.

Balmer Lawrie & Co. Ltd.



Distribution of Shareholding as on 31 July 2005 :

Face Value of Equity Shares (Rs.)	Number of Shareholders	Percentage of total Shareholders	Number of Shares	Percentage of total Shareholdings
Upto 500	4318	48.47	93831	0.58
501 to 1000	1696	19.03	143015	0.88
1001 to 2000	1156	12.97	177085	1.09
2001 to 3000	462	5.19	121054	0.74
3001 to 4000	257	2.88	92659	0.57
4001 to 5000	229	2.57	108927	0.67
5001 to 10000	417	4.68	323197	1.98
10001 & above	375	4.21	15226313	93.49
Total	8910	100.00	16286081	100.00

Distribution of Shareholding as on 31 July 2005

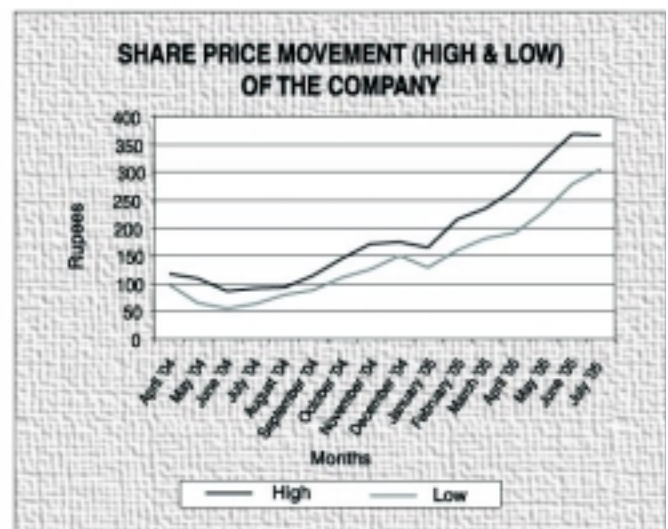
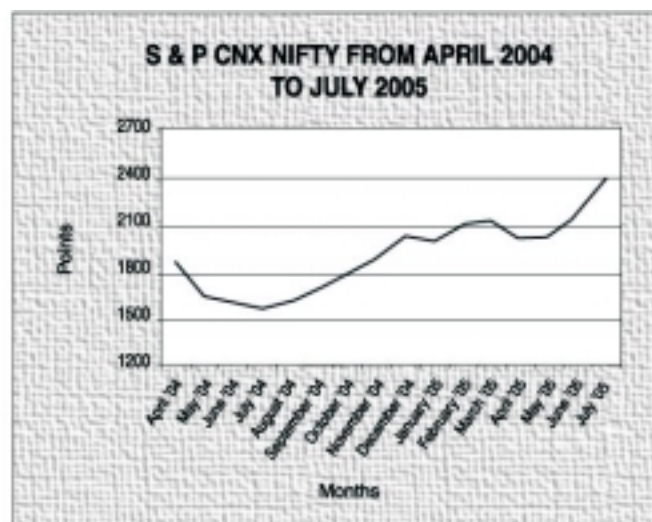
	Category	No. of shares held	Percentage of Shareholding
A	Promoter's Holding		
1	Promoters		
	– Indian promoters	NIL	NIL
	– Foreign promoters	NIL	NIL
2	Persons acting in Concert	NIL	NIL
	Sub - Total	—	—
B	Non-Promoter's Holding		
3	Institutional Investors		
	a) Mutual Funds and UTI	658031	4.04
	b) Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Government Institutions)	2011795	12.35
	c) FIs	138051	0.85
	Sub-Total	2807877	17.24
4	Others		
	a) Private Corporate Bodies	1171314	7.19
	b) Indian Public	2135859	13.11
	c) NRIs/OCBs	106321	0.65
	d) Any other (please specify Govt. Company*)	10064700	61.80
	Sub-Total	13478204	82.76
	GRAND TOTAL	16286081	100.00

*Balmer Lawrie Investments Ltd. is the holding Company of Balmer Lawrie & Co. Ltd. who is holding 10064700 equity shares i.e about 61.80% of the total paid-up equity share capital of the Company.

Categories of Shareholders as on 31 July, 2005 :				
Category	Number of Physical Shares	Number of Demated Shares	Total Number of Shares	Percentage of Equity holding
Foreign National	19147	225225	244372	1.50
Financial Institutions & Banks	8846	1998929	2007775	12.33
Balmer Lawrie Investments Limited (a government company)	—	10064700	10064700	61.80
UP State Government	4020	—	4020	0.03
Mutual Fund	550	657481	658031	4.04
Bodies Corporate	31284	1140030	1171314	7.19
Directors & their relatives	383	2100	2483	0.01
Public	586592	1546794	2133386	13.10
Total	650822	15635259	16286081	100.00

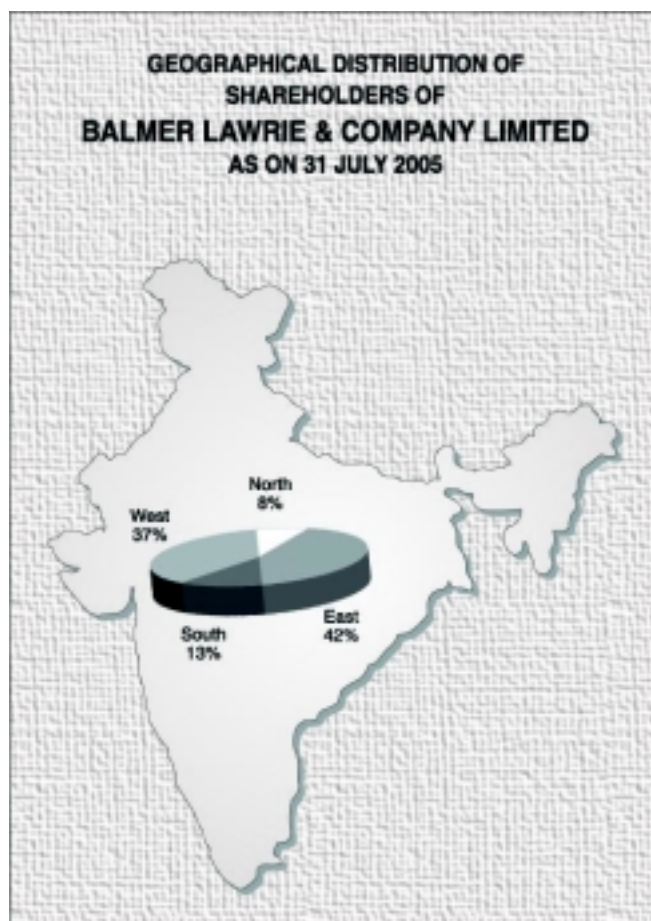
Balmer Lawrie & Co. Ltd.

Percentage of physical and demated shares as on 31 July 2005	
Physical	4.00
Demated	96.00
Total	100.00



Market Price (Average High and Low) and the Volume of transactions of the shares of the Company as per National Stock Exchange (for the period April 2004 to July 2005) :

Month-Year	High Rs.	Low Rs.	Volume of Transaction (Nos.)
April 2004	118.00	98.05	109525
May 2004	109.70	66.00	154754
June 2004	86.00	55.20	56491
July 2004	91.50	63.00	132667
August 2004	92.80	79.40	101813
September 2004	114.95	87.50	345130
October 2004	145.00	111.75	384648
November 2004	171.15	126.00	575999
December 2004	175.00	150.00	444700
January 2005	165.00	129.15	420572
February 2005	215.00	159.25	1032185
March 2005	234.65	181.10	568432
April 2005	270.00	190.35	324306
May 2005	319.90	229.10	859728
June 2005	369.00	280.00	470654
July 2005	367.50	305.50	375912



Balmer Lawrie & Co. Ltd.

Location of the Business

Name of the business	Location	ISO 9000 accreditation
Greases & Lubricants	Manufacturing Units :	
	Chennai	✓
	Kolkata	✓
	Mumbai	✓
	Silvassa	✓
	Taloja	✓
	Marketing Offices :	
	Bangalore	–
	Chennai	–
	Kolkata	–
	Mumbai	–
	New Delhi	–
	Secunderabad	–
Vadodara	–	
Industrial Packaging	Chennai	✓
	Kolkata	✓
	Mathura	–
	Mumbai	✓
	Panipat	–
	Silvassa	✓
	Marketing Office : New Delhi and at all the places mentioned above	
Speciality Containers	Coimbatore	–
Leather Chemicals	Manufacturing units :	
	Chennai	✓
	Pondicherry	–
	Technical Service centres :	
	Chennai	–
	Kanpur	–
	Kolkata	–
	Ranipet	–
	Marketing Office :	
	Chennai	–
	Kolkata	–
Delhi	–	
Kanpur	–	
Ranipet	–	
Logistics Services : Container Freight Station	Chennai	–
	Kolkata	✓
	Navi-Mumbai	–
Logistics Management :	Ahmedabad	–
	Bangalore	✓
	Chennai	✓
	Delhi	–
	Hyderabad	–
	Karur	–
	Kochi	–
	Kolkata	✓
	Lucknow	–
	Mumbai	✓
	Pune	–
	Petrapole	–
	Tirupur	–
	Thiruvananthapuram	–
	Tuticorin	–
	Visakhapatnam	–

Name of the business	Location	ISO 9000 accreditation
Project Engineering and Consultancy (Present project sites)	Chennai	✓
	Delhi	✓
	Kolkata	✓
	Mumbai	✓
Research and Development	Chennai	✓
	Kolkata	–
Tea Blending, Packaging and Exports	Kolkata	✓
Travel and Tours	Ahmedabad	–
	Bangalore	–
	Bhubaneswar	–
	Chennai	–
	Delhi	✓
	Hyderabad	–
	Kolkata	–
	Lucknow	–
	Mumbai	–
	Tiruvananthapuram	–
Vadodara	–	

Address for Correspondence :

All communication relating to share matters may be addressed to :

Intime Spectrum Registry Ltd.

59-C, Chowringhee Road

Kolkata - 700 020

Phone/Fax : (033) 2289 0539

(033) 2289 0540

E-Mail : kolkata@intimespectrum.com

OR

Balmer Lawrie & Co. Ltd.

Secretary's Department

21, Netaji Subhas Road

Kolkata - 700 001

Phone : (033) 2222 5322/5314

Fax : (033) 2248 3768

E-Mail : mukherjee.r@balmerlawrie.com

Auditors' Certificate on Corporate Governance

To the Members of Balmer Lawrie & Co. Limited

We have examined the compliance of conditions of Corporate Governance by Balmer Lawrie & Co. Limited for the year ended 31 March 2005 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the 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 of 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 Corporate Governance as stipulated in the above mentioned Listing Agreement, except that :

(a) the Board of Directors does not have an optimum

combination of executive/non-executive directors and adequate number of independent directors, for which the Company has made request to the Ministry of Petroleum & Natural Gas, Government of India;

(b) the Audit Committee does not have adequate number of non-executive/independent director. The Chairman of the Audit Committee is not an independent director.

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
8 August 2005

M. CHOUDHURY & CO.
Chartered Accountants

M. Choudhury
Partner

Membership No. 3800