

**Auditors' Report to the Board of Directors
of
Balmer Lawrie & Co. Limited on the Consolidated
Financial Statements of Balmer Lawrie & Co. Limited, its Wholly-Owned
Subsidiary – Balmer Lawrie (UK) Ltd. and its Share of Joint Venture Companies**

We have examined the attached consolidated Balance Sheet of BALMER LAWRIE & CO. LIMITED, its wholly owned subsidiary and its share of joint venture companies as at 31st March, 2005, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of the management of Balmer Lawrie & Co. Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Balmer Lawrie (UK) Ltd., wholly owned subsidiary, whose financial statements reflect total assets of Rs. 46,64,80,931 as at 31st March, 2005 and total revenues of Rs. 20,57,17,620 for the year then ended. We also did not audit the financial statements of the joint venture companies, namely, Indian Container Leasing Company Ltd., Balmer Lawrie Van-Leer Ltd., Balmer Lawrie (UAE) Llc and Avi Oil India (P) Ltd. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary and share of joint venture companies is based solely on the reports of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Balmer Lawrie & Co. Limited, its subsidiary and joint venture companies included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the audit reports on individual audited financial statements of Balmer Lawrie & Co. Limited and its aforesaid subsidiary and joint venture companies, we are of the opinion that :

- (a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Balmer Lawrie & Co. Limited, its subsidiary and share of joint venture companies as at 31st March, 2005;
- (b) the consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Balmer Lawrie & Co. Limited, its subsidiary and share of joint venture companies for the year then ended; and
- (c) the consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Balmer Lawrie & Co Limited, its subsidiary and share of joint venture companies for the year then ended.

19, R. N. Mukherjee Road
Kolkata 700 001

Dated, the 23rd May, 2005

For M. CHOUDHURY & CO.
Chartered Accountants

M. CHOUDHURY
Partner

Membership No. : 3800

Consolidated Financial Statements of Balmer Lawrie & Co. Limited
Balance Sheet as at 31st March, 2005

		SCHEDULES		As at 31st March, 2004	
		Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.
Sources of Funds					
Shareholders' Funds					
Share Capital	1	16,28,60,810	16,28,60,810	16,28,60,810	16,28,60,810
Reserves and Surplus	2	194,46,55,950	249,03,53,814	172,29,67,355	219,06,21,576
		<u>210,75,16,760</u>	<u>265,32,14,624</u>	188,58,28,165	<u>235,34,82,386</u>
Loan Funds					
Secured	3	89,08,16,275	123,72,40,179	144,72,23,856	173,97,19,017
Unsecured	4	89,75,215	3,65,34,883	1,09,35,303	3,44,64,379
		<u>89,97,91,490</u>	<u>127,37,75,062</u>	145,81,59,159	177,41,83,396
Deferred Taxation Liability		30,62,38,117	35,80,90,079	32,87,50,265	37,26,96,703
		<u>331,35,46,367</u>	<u>428,50,79,765</u>	<u>367,27,37,589</u>	<u>450,03,62,485</u>
Application of Funds					
Fixed Assets (Net Block)					
Gross Block		344,93,26,655	492,28,51,722	352,18,21,658	481,77,50,885
Less : Depreciation		132,75,32,183	220,57,92,800	120,92,85,519	201,01,88,384
Net Block	5	212,17,94,472	271,70,58,922	231,25,36,139	280,75,62,501
Less : Accumulated Lease Equalisation Reserve		—	35,30,419	—	42,06,572
Less : Provision for Non Performing Assets		—	2,15,622	—	2,27,716
		<u>212,17,94,472</u>	<u>271,33,12,881</u>	231,25,36,139	<u>280,31,28,213</u>
Capital expenditure in Progress including Pre-production Expenses		1,29,56,969	4,47,51,457	1,61,34,988	8,05,49,730
Advance against Capital Expenditure		8,37,051	8,37,051	7,03,582	7,03,582
		<u>213,55,88,492</u>	<u>275,89,01,389</u>	232,93,74,709	288,43,81,525
Investments	6	28,62,65,727	37,11,65,7	30,87,65,627	2,62,11,557
Net Current Assets					
Current Assets, Loans and Advances					
Interest accrued on Investment		11,040	11,040	4,338	4,338
Inventories	7	82,36,76,918	163,50,28,243	66,90,68,975	132,88,55,645
Debtors	8	151,57,82,880	195,92,82,138	140,07,56,629	177,10,01,659
Cash and Bank Balances	9	12,01,23,269	13,21,57,091	10,19,14,182	11,62,14,664
Loans and Advances	10	59,43,57,819	62,10,50,655	56,49,37,832	56,03,77,016
		<u>305,39,51,926</u>	<u>434,75,29,167</u>	273,66,81,956	377,64,53,322
Less : Current Liabilities and Provisions	11	228,92,95,654	295,53,66,372	193,04,33,325	242,07,04,587
		<u>76,46,56,272</u>	<u>139,21,62,795</u>	80,62,48,631	135,57,48,735
Miscellaneous Expenditure (to the extent not written off or adjusted)		12,70,35,876	13,03,03,924	22,83,48,622	23,40,20,668
		<u>331,35,46,367</u>	<u>428,50,79,765</u>	<u>367,27,37,589</u>	<u>450,03,62,485</u>
Notes on Accounts	16				
Significant Accounting Policies	17				

The Schedules referred to above form part of the Accounts

*In terms of our report of even date
attached herewith.*

For M. CHOUDHURY & CO.

Chartered Accountants

M. CHOUDHURY

Partner

Kolkata, the 23rd May, 2005

S. K. Mukherjee
Managing Director

P. Radhakrishnan
V. N. Sharma
Directors

K. Subramanian
General Manager (Finance)

R. Mukherjee
Secretary

**Consolidated Financial Statements of Balmer Lawrie & Co. Limited
Profit and Loss Account for the year ended 31st March, 2005**
SCHEDULES

As at 31st March, 2004

		Consolidated with Subsidiary Companies Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.	Consolidated with Subsidiary Companies Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.
Income					
Sale					
Manufactured Goods		421,32,47,037	609,83,68,680	357,94,11,811	518,29,24,999
Less : Excise Duty		65,53,13,843	70,33,46,441	52,60,07,361	57,21,86,643
		<u>355,79,33,194</u>	<u>539,50,22,239</u>	305,34,04,450	461,07,38,356
Trading Goods		2,50,61,449	3,21,52,759	2,51,58,978	3,13,31,585
Turnkey Projects		19,56,71,682	19,56,71,682	54,46,84,208	54,46,84,208
Services		617,96,71,235	618,30,25,029	564,81,61,715	564,81,61,715
Other Income	12	28,14,57,404	30,65,08,028	26,28,89,128	30,37,13,096
		<u>1023,97,94,964</u>	<u>1211,23,79,737</u>	953,42,98,479	1113,86,28,960
Expenditure					
Raw Materials Consumed		263,17,24,270	3,79,12,25,668	218,28,55,423	309,87,53,280
Purchases – Trading Goods		2,40,68,066	3,04,46,346	1,93,15,084	2,52,82,336
Purchases – Turnkey Projects		18,29,78,649	18,29,78,649	46,95,54,051	46,95,54,051
Cost of Services		515,87,31,453	516,15,69,354	485,32,54,981	485,32,54,981
General Expenditure	13	162,54,22,205	215,24,70,198	158,83,15,563	209,16,30,204
Depreciation		16,14,63,409	24,81,37,881	15,71,73,084	24,59,81,816
Accretion (-)/Decretion to Inventories	14	(-) 3,46,09,283	(-) 5,24,33,525	(-) 3,89,54,917	(-) 4,25,57,429
Prior Period Adjustments	15	6,51,976	6,97,575	1,26,57,286	1,23,76,768
		<u>975,04,30,745</u>	<u>1151,50,92,146</u>	924,41,70,555	1075,42,76,007
Profit before Taxation		<u>48,93,64,219</u>	<u>59,72,87,591</u>	29,01,27,924	38,43,52,953
Provision for Taxation – Current		18,69,33,373	19,56,73,124	5,57,09,332	6,20,86,515
– Deferred		(-) 2,26,29,154	(-) 1,47,23,632	(-) 20,60,572	1,43,29,181
Profit after Taxation		<u>32,50,60,000</u>	<u>41,63,38,099</u>	23,64,79,164	30,79,37,257
Transfer from					
Lease Equalisation Reserve		—	6,76,153	—	7,34,248
Foreign Exchange Earnings Reserve		50,000	50,000	15,000	15,000
Transfer to Foreign Projects Reserve		—	—	5,00,000	5,00,000
Balance Brought Forward		<u>22,69,58,975</u>	<u>64,07,92,572</u>	15,52,69,385	51,95,49,264
Available for Appropriation		<u>55,20,68,975</u>	<u>105,78,56,824</u>	39,12,63,549	82,77,35,769
Proposed Final Dividend		8,95,73,446	8,66,41,710	5,70,01,284	6,87,65,351
Corporate Tax on Dividend		1,27,08,741	1,39,89,103	73,03,290	91,27,594
Transfer to Minority Interest		—	4,36,980	—	2,93,055
Transfer to Special Reserve		—	14,93,500	—	10,73,290
Transfer to General Reserve		15,00,00,000	15,03,63,880	10,00,00,000	10,76,83,907
Balance Carried Forward		<u>29,97,86,788</u>	<u>80,49,31,651</u>	22,69,58,975	64,07,92,572
Earnings per Share (Rs.)		19.96	25.56	14.52	18.91
Notes on Accounts	16				
Significant Accounting Policies	17				

The Schedules referred to above form part of the Accounts

 In terms of our report of even date
attached herewith.

For M. CHOUDHURY & CO.

Chartered Accountants

M. CHOUDHURY

Partner

Kolkata, the 23rd May, 2005

 S. K. Mukherjee
Managing Director

 P. Radhakrishnan
V. N. Sharma
Directors

 K. Subramanian
General Manager (Finance)

 R. Mukherjee
Secretary

Schedules forming part of the Balance Sheet as at 31st March, 2005

SCHEDULE 1		SHARE CAPITAL		As at 31st March, 2004	
				Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.
Authorised					
3,00,00,000	Equity Shares of Rs. 10 each	30,00,00,000	30,00,00,000	30,00,00,000	30,00,00,000
Issued and Subscribed					
90,65,547	Equity Shares of Rs. 10 each fully paid up in cash	9,06,55,470	9,06,55,470	9,06,55,470	9,06,55,470
4,00,000	Equity Shares of Rs. 10 each fully paid up pursuant to a contract without payment being received in cash	40,00,000	40,00,000	40,00,000	40,00,000
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.	44,81,300	44,81,300	44,81,300	44,81,300
63,72,404	Equity Shares of Rs. 10 each allotted as fully paid Bonus Shares by way of capitalisation of General Reserve and Share Premium	6,37,24,040	6,37,24,040	6,37,24,040	6,37,24,040
		<u>16,28,60,810</u>	<u>16,28,60,810</u>	<u>16,28,60,810</u>	<u>16,28,60,810</u>

SCHEDULE 2		RESERVES AND SURPLUS			
Capital Reserve					
	Central Investment Subsidy				
	As per last Account	80,250	3,68,300	80,250	3,68,300
	Capital Reserve on Consolidation	4,57,05,361	7,58,72,137	4,57,35,135	8,09,97,911
Share Premium					
	As per last Account	36,26,76,720	36,26,76,720	36,26,76,720	36,26,76,720
Share Investment Reserve					
	As per last Account	—	—	7,25,46,534	7,25,46,534
	Less : Transferred to General Reserve	—	—	7,25,46,534	7,25,46,534
Special Reserve					
	As per last Account	—	96,97,890	—	86,24,600
	Add : Transferred from Profit and Loss Account	—	14,93,500	—	10,73,290
		—	1,11,91,390	—	96,97,890
Foreign Exchange Earnings Reserve					
	As per last Account	50,000	50,000	65,000	65,000
	Less : Transferred to Profit and Loss Account	50,000	50,000	15,000	15,000
		—	—	50,000	50,000
Foreign Projects Reserve					
	As per last Account	2,61,93,804	2,61,93,804	2,56,93,804	2,56,93,804
	Add : Transferred from Profit and Loss Account	—	—	5,00,000	5,00,000
		2,61,93,804	2,61,93,804	2,61,93,804	2,61,93,804

Schedules forming part of the Balance Sheet as at 31st March, 2005

SCHEDULE 2 (Contd.)	RESERVES AND SURPLUS		As at 31st March, 2004	
	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.
Contingency Reserve				
As per last Account	—	—	10,00,00,000	10,00,00,000
Less : Transferred to General Reserve	—	—	10,00,00,000	10,00,00,000
	—	—	—	—
Foreign Currency Translation Reserve	(-) 10,59,444	(-) 1,10,88,447	—	—
General Reserve				
As per last Account	106,12,72,471	106,98,44,379	78,87,25,937	78,96,13,938
Add : Transferred from Share Investment Reserve	—	—	7,25,46,534	7,25,46,534
Add : Transferred from Contingency Reserve	—	—	10,00,00,000	10,00,00,000
Add : Transferred from Profit and Loss Account	15,00,00,000	15,03,63,880	10,00,00,000	10,76,83,907
	121,12,72,471	122,02,08,259	106,12,72,471	106,98,44,379
Profit and Loss Account	29,97,86,788	80,49,31,651	22,69,58,975	64,07,92,572
	<u>194,46,55,950</u>	<u>249,03,53,814</u>	<u>172,29,67,355</u>	<u>219,06,21,576</u>

SCHEDULE 3	SECURED LOANS			
From Banks/Financial Institutions				
Cash Credit/Export Credit/Working Capital Demand Loan				
Secured by hypothecation of stocks and debtors	4,73,73,191	20,78,30,608	6,26,59,441	20,02,61,820
Term Loan				
Secured by way of <i>pari-passu</i> first charge on certain movable fixed assets and some immovable properties	84,34,43,084	1,02,93,25,604	138,45,24,689	153,93,81,844
Interest accrued and due	—	83,967	39,726	75,353
	<u>89,08,16,275</u>	<u>123,72,40,179</u>	<u>144,72,23,856</u>	<u>173,97,19,017</u>

SCHEDULE 4	UNSECURED LOANS			
Loans and Advances				
From other than Banks	89,75,215	3,65,34,883	1,09,35,303	3,44,64,379
	<u>89,75,215</u>	<u>3,65,34,883</u>	<u>1,09,35,303</u>	<u>3,44,64,379</u>

Schedules forming part of the Balance Sheet as at 31st March, 2005

SCHEDULE 5

(A) Assets held for active use

	FIXED ASSETS									
	GROSSBLOCK				DEPRECIATION				NETBLOCK	
	Original Cost as at 1st April, 2004	Additions during the year	Cost of Items sold or scrapped/ adjusted	Original Cost as at 31st March, 2005	Upto 31st March, 2004	For the year	On Items sold or scrapped/ adjusted	Total	As at 31st March, 2005	As at 31st March, 2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Goodwill – Consolidated with Subsidiary	—	—	—	—	—	—	—	—	—	—
– Consolidated with Subsidiary and Joint Venture Companies	1,20,60,054	—	—	1,20,60,054	36,18,015	12,06,005	—	48,24,020	72,36,034	84,42,039
Land Freehold – Consolidated with Subsidiary	11,32,21,824	8,79,600	25,469	11,40,75,955	—	—	—	—	11,40,75,955	11,32,21,824
– Consolidated with Subsidiary and Joint Venture Companies	11,36,78,179	8,79,600	25,469	11,45,32,310	—	—	—	—	11,45,32,310	11,36,78,179
Land Leasehold – Consolidated with Subsidiary	22,73,59,015	—	—	22,73,59,015	2,38,60,632	41,32,185	—	2,79,92,817	19,93,66,198	20,34,98,383
– Consolidated with Subsidiary and Joint Venture Companies	23,23,94,629	—	—	23,23,94,629	2,42,36,141	41,88,329	—	2,84,24,470	20,39,70,159	20,81,58,488
Buildings & Sidings – Consolidated with Subsidiary	79,74,78,867	1,39,82,737	1,83,35,128	79,31,26,476	11,99,08,902	1,66,29,425	38,22,611	13,27,15,716	66,04,10,760	67,75,69,965
– Consolidated with Subsidiary and Joint Venture Companies	99,69,68,218	3,99,64,394	1,90,24,801	101,79,07,811	22,08,27,439	2,86,16,224	45,12,248	24,49,31,415	77,29,76,396	77,61,40,779
Plant & Machinery – Consolidated with Subsidiary	178,24,49,681	2,11,03,840	9,28,72,648	171,06,80,873	74,47,59,804	8,73,00,282	3,66,22,996	79,54,37,090	91,52,43,783	103,76,89,877
– Consolidated with Subsidiary and Joint Venture Companies	279,07,44,680	17,74,23,246	10,07,94,527	286,73,73,399	139,27,14,445	15,43,01,356	4,31,81,800	150,38,34,001	136,35,39,398	139,80,30,235
Spares for Plant & Machinery – Consolidated with Subsidiary	3,62,37,530	72,52,964	—	4,34,90,494	1,67,39,130	1,41,15,137	—	3,08,54,267	1,26,36,227	1,94,98,400
– Consolidated with Subsidiary and Joint Venture Companies	3,62,37,530	72,52,964	—	4,34,90,494	1,67,39,130	1,41,15,137	—	3,08,54,267	1,26,36,227	1,94,98,400
Electrical Installation & Equipment – Consolidated with Subsidiary	15,96,80,959	47,51,001	36,64,908	16,07,67,052	7,02,98,344	1,02,68,486	33,58,749	7,72,08,081	8,35,58,971	8,93,82,615
– Consolidated with Subsidiary and Joint Venture Companies	16,01,25,793	48,08,904	36,70,708	16,12,63,989	7,05,30,704	1,03,04,656	33,64,259	7,74,71,101	8,37,92,888	8,95,95,089
Furniture & Fittings – Consolidated with Subsidiary	4,94,84,970	16,01,603	26,48,515	4,84,38,058	3,00,44,294	37,48,092	21,23,319	3,16,69,067	1,67,68,991	1,94,40,676
– Consolidated with Subsidiary and Joint Venture Companies	7,75,35,364	42,91,819	29,43,989	7,88,83,194	4,90,18,208	66,40,750	23,59,336	5,32,99,622	2,55,83,572	2,85,17,156
Typewriters, Accounting Machine & Office Equipment – Consolidated with Subsidiary	13,56,17,926	65,96,306	54,68,721	13,67,45,511	8,90,64,400	1,58,88,386	48,20,608	10,01,32,178	3,66,13,333	4,65,53,526
– Consolidated with Subsidiary and Joint Venture Companies	14,51,01,578	80,62,918	59,73,540	14,71,90,956	9,50,07,141	1,67,54,863	52,85,887	10,64,76,117	4,07,14,839	5,00,94,437
Tubewells, Tanks & Miscellaneous Equipment – Consolidated with Subsidiary	7,97,28,981	4,96,850	(-) 17,25,706	8,19,51,537	3,98,00,595	32,41,555	(-) 18,24,608	4,48,66,758	3,70,84,779	3,99,28,386
– Consolidated with Subsidiary and Joint Venture Companies	7,97,28,981	4,96,850	(-) 17,25,706	8,19,51,537	3,98,00,595	32,41,555	(-) 18,24,608	4,48,66,758	3,70,84,779	3,99,28,386
Vehicles – Consolidated with Subsidiary	68,38,600	15,49,728	19,07,157	64,81,171	39,94,040	10,74,061	23,42,659	27,25,442	37,55,729	28,44,560
– Consolidated with Subsidiary and Joint Venture Companies	2,45,61,121	34,83,447	33,43,185	2,47,01,383	1,63,13,980	30,27,052	37,04,132	1,56,36,900	90,64,483	82,47,141
Leased Assets – Consolidated with Subsidiary and Joint Venture Companies	1,48,91,453	—	—	1,48,91,453	1,05,67,208	6,76,154	—	1,12,43,362	36,48,091	43,24,245
Plant & Machinery	30,42,988	—	—	30,42,988	10,33,321	1,44,542	—	11,77,863	18,65,125	20,09,667
Electrical Installation and Equipment	31,42,731	—	—	31,42,731	20,26,370	2,22,191	—	22,48,561	8,94,170	11,16,361
Furniture & Fittings	1,25,154	—	—	1,25,154	69,735	7,797	—	77,532	47,622	55,419
Typewriters, Accounting Machine and Office Equipment	58,63,392	—	—	58,63,392	53,47,020	1,43,858	—	54,90,878	3,72,514	5,16,372
Vehicles	27,17,188	—	—	27,17,188	20,90,762	1,57,766	—	22,48,528	4,68,660	6,26,426
TOTAL (A) – Consolidated with Subsidiary	338,80,98,353	5,82,14,629	12,31,96,840	332,31,16,142	113,84,70,141	15,63,97,609	5,12,66,334	124,36,01,416	207,95,14,726	224,96,28,212
TOTAL (A) – Consolidated with Subsidiary and Joint Venture Companies	468,40,27,580	24,66,64,142	13,40,50,513	479,66,41,209	193,93,73,006	24,30,72,081	6,05,83,054	212,18,62,033	267,47,79,176	274,46,54,574

Schedules forming part of the Balance Sheet as at 31st March, 2005

SCHEDULE 5 (Contd.)

(B) Assets held for Disposal

FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 1st April, 2004	Additions during the year	Cost of Items sold or scrapped/ adjusted	Original Cost as at 31st March, 2005	Upto 31st March, 2004	For the year	On Items sold or scrapped/ adjusted	Total	As at 31st March, 2005	As at 31st March, 2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land – Freehold	5,69,125	—	5,69,125	—	—	—	—	—	—	5,69,125
– Leasehold	71,04,415	—	—	71,04,415	11,75,566	74,966	—	12,50,532	58,53,883	59,28,849
Buildings & Sidings	5,17,01,412	—	63,23,283	4,53,78,129	1,86,47,136	14,51,272	33,20,970	1,67,77,438	2,86,00,691	3,30,54,276
Plant & Machinery	5,31,27,915	—	5,33,690	5,25,94,225	3,73,08,636	19,62,127	(-) 74,89,078	4,67,59,841	58,34,384	1,58,19,279
Spares for Plant & Machinery	54,22,993	—	78,000	53,44,993	30,85,750	10,69,719	(-) 11,89,524	53,44,993	—	23,37,243
Electrical Installation & Equipment	1,15,72,172	—	8,694	1,15,63,478	72,78,907	4,90,237	(-) 20,23,887	97,93,031	17,70,447	42,93,265
Furniture & Fittings	15,37,813	—	—	15,37,813	11,61,916	83,347	(-) 1,61,428	14,06,691	1,31,122	3,75,897
Typewriters, Accounting Machine and Office Equipment	12,99,501	—	—	12,99,501	10,18,657	25,510	(-) 1,84,795	12,28,962	70,539	2,80,844
Tubewells, Tanks and Miscellaneous Equipment	13,87,959	—	—	13,87,959	11,38,810	25,014	(-) 2,05,455	13,69,279	18,680	2,49,149
Vehicles	—	—	—	—	—	—	—	—	—	—
TOTAL (B)	13,37,23,305	—	75,12,792	12,62,10,513	7,08,15,378	51,82,192	(-)79,33,197	8,39,30,767	4,22,79,746	6,29,07,927
GRANDTOTAL – [A+B] – Consolidated with Subsidiary	352,18,21,658	5,82,14,629	13,07,09,632	344,93,26,655	120,92,85,519	16,15,79,801	4,33,33,137	132,75,32,183	212,17,94,472	231,25,36,139
GRANDTOTAL – (A+B) – Consolidated with Subsidiary and Joint Venture Companies	481,77,50,885	24,66,64,142	14,15,63,305	492,28,51,722	201,01,88,384	24,82,54,273	5,26,49,857	220,57,92,800	271,70,58,922	280,75,62,501
2003-2004										
GRAND TOTAL – Consolidated with Subsidiary	354,75,85,970	6,11,83,680	8,69,47,992	352,18,21,658	110,71,34,572	15,72,99,585	5,51,48,638	120,92,85,519	231,25,36,139	—
GRAND TOTAL – Consolidated with Subsidiary and Joint Venture Companies	480,75,98,223	9,84,58,853	8,83,06,191	481,77,50,885	182,02,17,757	24,61,08,317	5,61,37,690	201,01,88,384	280,75,62,501	—

	2004-05	2003-04
	Rs.	Rs.
Depreciation for the year as above – Consolidated with Subsidiary	16,15,79,801	15,72,99,585
– Consolidated with Subsidiary and Joint Venture Companies	24,82,54,273	24,61,08,317
Less : Prior Period Adjustments – Consolidated with Subsidiary	1,16,392	1,26,501
– Consolidated with Subsidiary and Joint Venture Companies	1,16,392	1,26,501
Depreciation as per Profit & Loss Account – Consolidated with Subsidiary	16,14,63,409	15,71,73,084
– Consolidated with Subsidiary and Joint Venture Companies	24,81,37,881	24,59,81,816

Schedules forming part of the Balance Sheet as at 31st March, 2005

SCHEDULE 6

INVESTMENTS

As at 31st March, 2004

	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.
Unquoted, unless otherwise stated				
Long Term Investments				
Government Securities – at cost				
As per last account	55,885	55,885	55,885	55,885
Purchased during the year	100	100	—	—
	<u>55,985</u>	<u>55,985</u>	55,885	55,885
Trade Investments				
Fully paid-up – at cost				
3,57,591 Equity Shares of Rs. 10 each in Bridge and Roof Co. (India) Ltd.	14,00,740	14,00,740	14,00,740	14,00,740
1,95,900 Equity Shares of Rs. 10 each in Biecco Lawrie Ltd.	22,03,537	22,03,537	22,03,537	22,03,537
32,00,000 Equity Shares of Rs. 10 each in Indian Container Leasing Company Limited	3,20,00,000	—	3,20,00,000	—
Nil (2,00,000) Ordinary Shares of Rs. 10 each in Kochi Refineries Ltd. (Quoted)				
As per last account	2,25,00,000	2,25,00,000	2,25,00,000	2,25,00,000
Less : Sold during the year	2,25,00,000	2,25,00,000	—	—
	<u>—</u>	<u>—</u>	2,25,00,000	2,25,00,000
45,00,000 Ordinary Shares of Rs. 10 each in Avi-Oil India [P] Ltd.	4,50,00,000	—	4,50,00,000	—
9800 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	—	11,64,54,970	—
16,69,002 Ordinary Shares of Rs. 10 each in Indian Marine Freight Container Manufacturing Ltd.	1	1	1	1
Other Investments				
Fully paid up - at cost				
71 Equity Shares of Rs. 100 each in Duncan Brothers & Co. Ltd. (Quoted)	6,194	6,194	6,194	6,194
172 1/2% Redeemable Registered Debentures of Rs. 100 each in The East India Clinic Ltd.	17,200	17,200	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	28,000	28,000
Nil (Nil) Units of Rs. 10 each in Unit – 64 scheme of Unit Trust of India	—	—	8,60,10,000	8,60,10,000
Less : Redeemed during the year	—	—	8,60,10,000	8,60,10,000
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>28,62,65,727</u>	<u>37,11,657</u>	<u>30,87,65,627</u>	<u>2,62,11,557</u>

Schedules forming part of the Balance Sheet as at 31st March, 2005
SCHEDULE 7
INVENTORIES

As at 31st March, 2004

	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.
Raw Materials	44,19,37,330	105,39,38,199	35,53,29,103	78,05,91,183
Finished Goods	18,19,67,202	21,60,63,622	15,59,86,829	18,09,79,142
Trading Goods	34,38,642	34,38,642	2,09,293	2,09,293
Work-in-Progress	5,86,77,840	9,92,09,194	3,88,01,623	7,06,12,842
Stock-in-Transit				
Raw Materials	10,69,77,917	17,54,75,574	7,30,99,789	20,36,14,197
Finished Goods	87,94,059	87,94,059	2,32,70,715	2,32,70,715
	<u>11,57,71,976</u>	<u>18,42,69,633</u>	<u>9,63,70,504</u>	<u>22,68,84,912</u>
Stores and Spare Parts	2,13,83,088	6,34,03,708	2,16,64,403	5,84,20,781
Loose Tools	5,00,840	1,47,05,245	7,07,220	1,11,57,492
	<u>82,36,76,918</u>	<u>163,50,28,243</u>	<u>66,90,68,975</u>	<u>132,88,55,645</u>

SCHEDULE 8
DEBTORS

Debts due for more than six months				
Considered Good				
Unsecured				
Others	16,82,22,915	51,33,52,766	19,75,09,471	49,65,50,915
Considered Doubtful	1,52,88,219	2,00,88,941	97,67,248	1,32,26,084
	<u>18,35,11,134</u>	<u>53,34,41,707</u>	<u>20,72,76,719</u>	<u>50,97,76,999</u>
Less : Provision for Doubtful Debts	1,52,88,219	2,00,88,941	97,67,248	1,32,26,084
	<u>16,82,22,915</u>	<u>51,33,52,766</u>	<u>19,75,09,471</u>	<u>49,65,50,915</u>
Other Debts				
Considered Good				
Unsecured				
Others	134,75,59,965	144,59,29,372	120,32,47,158	127,44,50,744
	<u>151,57,82,880</u>	<u>195,92,82,138</u>	<u>140,07,56,629</u>	<u>177,10,01,659</u>

SCHEDULE 9
CASH AND BANK BALANCES

Cash in hand (including cheques and stamps)	91,44,150	98,42,568	40,91,491	62,90,776
With Scheduled Banks				
In Current Accounts	10,51,19,554	10,83,38,938	8,69,35,408	8,83,94,666
In Short Term Deposit Accounts	5,46,816	86,44,853	3,20,508	1,08,95,461
In Dividend Accounts	37,47,982	37,47,982	42,96,297	42,96,297
	<u>10,94,14,352</u>	<u>12,07,31,773</u>	<u>9,15,52,213</u>	<u>10,35,86,424</u>
Foreign Currency Accounts	15,64,767	15,82,750	62,70,478	63,37,464
	<u>12,01,23,269</u>	<u>13,21,57,091</u>	<u>10,19,14,182</u>	<u>11,62,14,664</u>

Schedules forming part of the Balance Sheet as at 31st March, 2005

SCHEDULE 10

LOANS AND ADVANCES

As at 31st March, 2004

	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.
Advances recoverable in Cash or in kind or for value to be received				
Considered Good				
Secured	9,60,70,369	9,60,70,369	9,49,43,829	9,49,43,829
Unsecured				
Holding Company				
Balmer Lawrie Investments Ltd.	33,000	33,000	8,057	8,057
Others	35,43,72,741	36,91,86,375	34,47,18,726	33,19,58,791
Considered Doubtful	55,12,288	57,09,901	50,38,341	52,35,955
	<u>45,59,88,398</u>	<u>47,09,99,645</u>	<u>44,47,08,953</u>	<u>43,21,46,632</u>
Less : Provision	55,12,288	57,09,901	50,38,341	52,35,955
	<u>45,04,76,110</u>	<u>46,52,89,744</u>	43,96,70,612	42,69,10,677
Deposits - Unsecured				
Considered Good	10,69,21,170	11,06,46,755	10,07,98,712	10,43,26,210
Balance with Customs, Port Trust, Central Excise, etc.				
Considered Good	3,69,60,539	4,51,14,156	2,44,68,508	2,91,40,129
	<u>59,43,57,819</u>	<u>62,10,50,655</u>	<u>56,49,37,832</u>	<u>56,03,77,016</u>

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

Sundry Creditors				
– Due to Small Scale Industries	40,43,114	65,30,587	45,31,068	53,31,325
– Due to others	205,78,34,634	269,20,88,373	175,06,52,610	221,01,97,935
Minority Interest	—	81,18,390	—	76,81,410
Amounts received in advance against contracts	9,12,71,589	9,91,22,326	10,97,57,968	11,63,54,643
Interest accrued but not due	—	46,374	59,042	4,89,078
Investor Education and Protection Fund shall be credited by the following amount :				
– Unclaimed Dividend [Refer Note below]	37,47,982	37,47,982	42,96,297	42,96,297
Provisions				
Contingency – As per last Account	1,00,000	5,00,991	1,00,000	5,00,991
Provision made during the year	40,00,000	40,00,000	—	—
	<u>41,00,000</u>	<u>45,00,991</u>	1,00,000	5,00,991
Proposed Final Dividend	8,95,73,446	9,82,25,684	5,70,01,284	6,87,65,351
Taxation, net of Advance Payment	3,87,24,889	4,29,85,665	40,35,056	70,87,557
	<u>228,92,95,654</u>	<u>295,53,66,372</u>	<u>193,04,33,325</u>	<u>242,07,04,587</u>

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, 2005

SCHEDULE 12	OTHER INCOME		2003 – 2004	
	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.
Income from Investments				
Trade Investments				
Dividend	3,83,91,219	—	5,09,35,613	54,99,737
Other Investments				
Dividend	71,518	71,518	1,09,744	1,09,744
Interest	585	585	585	585
	3,84,63,322	72,103	5,10,45,942	56,10,066
Interest on Advances,				
Deposits, Deferred Credit and Overdue debts	53,25,315	56,65,693	83,80,530	88,21,736
Finance charges on finance lease	—	1,72,093	—	3,92,270
Operating Lease Rentals	6,27,38,414	11,17,43,357	7,38,74,927	12,22,97,401
Profit on Disposal of Fixed Assets	4,69,46,773	4,74,95,231	33,48,036	35,64,295
Profit on Sale of Investments	2,06,10,184	2,06,10,184	8,37,114	8,37,114
Export Incentives	13,80,064	47,00,202	21,05,193	79,27,971
Rent	1,00,67,570	1,00,67,570	87,46,091	87,46,091
Recovery of Transportation Charges	2,43,29,167	3,01,96,150	2,15,23,632	2,64,96,012
Discount and Commission	16,15,067	16,15,067	8,77,084	8,77,084
Claims	13,48,776	13,48,776	1,98,336	1,98,336
Liabilities/Provisions no longer required written back	3,11,66,464	3,45,29,202	71,67,534	2,62,21,067
Exchange Gain on Translation of Financial Statements of Foreign Subsidiary & Joint Venture Company	—	—	3,70,78,253	4,13,90,056
Sundries	3,74,66,288	3,82,92,400	4,77,06,456	5,03,33,597
	28,14,57,404	30,65,08,028	26,28,89,128	30,37,13,096

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2005

SCHEDULE 13

GENERAL EXPENDITURE

2003 – 2004

	Consolidated with Subsidiary and Joint Venture Companies		2003 – 2004	
	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.
Salaries, Wages, Bonus, Pensions and Gratuity	48,35,33,480	67,65,87,483	42,85,63,470	60,99,67,336
Contribution to Provident and Other Funds	7,70,63,202	8,16,76,833	4,57,33,147	4,99,23,533
Workmen and Staff Welfare Expenses	5,22,63,746	6,56,13,512	5,03,41,969	6,48,72,949
Manufacturing Expenses	4,33,27,991	4,96,90,659	4,92,80,617	5,48,62,475
Excise Duty	1,11,78,553	1,14,24,466	1,52,05,077	1,56,71,101
Consumption of Stores and Spare Parts	3,14,21,390	9,49,83,597	2,06,63,665	7,29,79,174
Repairs and Maintenance				
Buildings	2,06,96,855	2,49,31,505	1,65,13,639	1,84,47,609
Plant & Machinery	1,60,64,990	2,49,94,438	1,38,91,299	2,26,57,851
Others	1,63,30,887	2,10,11,542	1,83,69,419	2,27,65,248
Power and Fuel	8,71,40,831	13,80,64,762	7,93,97,953	12,90,48,509
Electricity and Gas	1,70,43,984	1,72,50,609	1,66,17,884	1,67,76,926
Rent	3,16,01,192	5,20,66,683	2,99,88,777	4,95,51,449
Insurance	91,90,065	1,37,25,726	90,77,829	1,31,75,172
Packing, Despatching, Freight and Shipping Charges	9,45,21,068	14,10,30,855	9,58,85,527	13,78,72,436
Rates and Taxes	1,16,88,853	1,41,88,856	1,14,40,271	1,37,39,005
Interest	8,90,36,503	10,86,60,064	16,41,16,412	18,20,95,969
Auditors' Remuneration and Expenses	19,57,488	25,24,975	13,06,217	18,75,293
Bad Debts written off	93,14,912	95,94,480	6,82,51,766	7,06,24,650
Advances written off	—	4,45,686	—	—
Fixed Assets written off	1,23,50,931	1,23,51,002	2,01,18,821	2,01,18,821
Inventory written off	17,973	17,973	—	—
Investments written off	—	—	12,89,90,019	12,89,90,019
Provision for Contingency	40,00,000	40,00,000	—	—
Provision for Debts, Deposits, Loans and Advances considered doubtful	96,19,175	1,21,71,796	50,40,930	59,51,290
Loss on Disposal of Fixed Assets	77,53,121	78,32,534	32,75,662	33,12,207
Lease Rentals on Finance Lease	—	20,31,946	—	37,14,936
Selling Commission	4,34,92,080	5,46,37,543	4,83,59,850	6,09,89,674
Cash Discount	62,70,394	67,83,965	53,33,085	56,88,327
Bank Charges and Discount	74,55,360	1,59,75,390	82,45,141	1,68,09,222
Travelling Expenses	6,11,99,061	7,06,86,645	6,05,38,378	6,99,56,834
Printing and Stationery	1,33,16,108	1,49,74,637	1,21,83,102	1,36,56,489
Motor Car Expenses	54,68,064	92,87,505	55,60,839	90,54,511
Telephone, Telex, Postage, Cables and Telegrams	2,33,14,035	2,72,10,680	2,41,53,034	2,81,55,276
Donations	30,00,000	33,87,500	5,00,000	5,00,000
Turnover Tax	63,33,959	63,33,959	58,53,063	58,53,063
Amortisation of Deferred Revenue Expenditure	10,13,12,746	10,37,16,745	10,40,95,070	10,86,85,533
Exchange Loss on Translation of Financial Statements of				
Foreign Subsidiary & Joint Venture Company	—	—	27,80,817	1,11,82,824
Miscellaneous Expenses	21,88,08,443	25,45,14,510	19,05,92,047	22,43,32,917
	162,70,87,440	215,43,81,061	176,02,64,796	226,38,58,628
Less : Provision for Debts, Deposits Loans & Advances and Investments considered doubtful, written back	(-) 16,65,235	(-) 19,10,863	(-)17,19,49,233	(-)17,22,28,424
	<u>162,54,22,205</u>	<u>215,24,70,198</u>	<u>158,83,15,563</u>	<u>209,16,30,204</u>

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2005
SCHEDULE 14
ACCRETION (-)/DECRETION TO INVENTORIES

2003 – 2004

	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.	Consolidated with Subsidiary Rs.	Consolidated with Subsidiary and Joint Venture Companies Rs.
Opening Balance				
Trading Goods	2,09,293	2,09,293	19,23,777	19,23,777
Work-in-Progress	3,88,01,623	7,06,12,842	3,74,25,423	6,30,43,278
Finished Goods	17,92,57,544	20,42,49,857	13,99,64,343	16,75,47,508
	<u>21,82,68,460</u>	<u>27,50,71,992</u>	<u>17,93,13,543</u>	<u>23,25,14,563</u>
Less : Closing Balance				
Trading Goods	34,38,642	34,38,642	2,09,293	2,09,293
Work-in-Progress	5,86,77,840	9,92,09,194	3,88,01,623	7,06,12,842
Finished Goods	19,07,61,261	22,48,57,681	17,92,57,544	20,42,49,857
	<u>25,28,77,743</u>	<u>32,75,05,517</u>	<u>21,82,68,460</u>	<u>27,50,71,992</u>
	<u>(-) 3,46,09,283</u>	<u>(-) 5,24,33,525</u>	<u>(-) 3,89,54,917</u>	<u>(-) 4,25,57,429</u>

SCHEDULE 15
PRIOR PERIOD ADJUSTMENTS

Income				
Sales				
Manufactured Goods	(-) 3,04,711	(-) 3,04,711	(-) 29,56,453	(-) 29,56,453
Trading Goods	54,000	54,000	—	—
Services	(-) 9,16,301	(-) 9,16,301	(-) 22,11,365	(-) 22,11,365
Other Income	2,49,856	2,49,856	(-) 6,71,254	(-) 3,87,037
	<u>(-) 9,17,156</u>	<u>(-) 9,17,156</u>	<u>(-) 58,39,072</u>	<u>(-) 55,54,855</u>
Expenses				
Raw Material Consumed	39,602	39,602	—	—
General Expenditure	(-) 4,21,174	(-) 3,75,575	66,91,713	66,95,412
Depreciation	1,16,392	1,16,392	1,26,501	1,26,501
	<u>(-) 2,65,180</u>	<u>(-) 2,19,581</u>	<u>68,18,214</u>	<u>68,21,913</u>
Net Debit	<u>6,51,976</u>	<u>6,97,575</u>	<u>1,26,57,286</u>	<u>1,23,76,768</u>

Notes on Accounts

SCHEDULE 16

16.1 Disclosure of Interests in Subsidiary and Joint Venture Companies

<u>Name of Subsidiary/ Joint Venture Company</u>	<u>Nature of Relationship</u>	<u>Proportion of Shareholding</u>	<u>Country of Incorporation</u>
Balmer Lawrie (UK) Ltd.	Subsidiary	100%	United Kingdom
Indian Container Leasing Company Ltd.	Joint Venture	29%	India
Balmer Lawrie-Van Leer Ltd.	Joint Venture	40%	India
Balmer Lawrie (UAE) Llc.	Joint Venture	49%	United Arab Emirates
Avi-Oil India (P) Ltd.	Joint Venture	25%	India

16.2 1,00,64,700 Equity Shares are held by Balmer Lawrie Investments Ltd. (Holding Company).

16.3 (a) Investments of the face value of Rs. 9,000 (Rs. 9,000) and Fixed Deposit with bank amounting to Rs. 1,80,000 (Rs. 1,30,000) are lodged with certain authorities as security.

(b) Conveyance deeds of certain land costing Rs. 19,49,77,983 (Rs. 19,86,64,623) and buildings, with written down value of Rs. 95,14,843 (Rs. 97,31,812) are pending registration/mutation.

(c) Certain buildings and sidings with written down value of Rs. 37,84,41,591 (Rs. 37,63,03,922) are situated on leasehold/rented land.

(d) Certain buildings with written down value of Rs. 11,62,21,385 (Rs. 11,86,75,009) are situated on land allotted by the Industries Department, Government of Tamil Nadu. Pending determination of the price, the land has not been capitalised.

16.4 Contingent Liabilities as at 31st March, 2005 not provided for in the accounts are :

(a) Disputed demand for Excise Duty, Customs Duty, Income Tax and Sales Tax amounting to Rs. 8,75,82,964 (Rs. 16,96,97,884) against which the Company has lodged appeals/petitions before appropriate authorities.

(b) Claims against the Company not acknowledged as debts amount to Rs. 3,45,05,205 (Rs. 1,38,27,379) 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.

(c) Bills discounted with banks Rs. 21,50,262 (Rs. 22,49,911).

16.5 (a) Counter guarantees given to various banks in respect of guarantees/loans given by them amount to Rs. 43,17,63,144 (Rs. 50,15,59,645).

(b) Counter Guarantees given by the Company as stated above include Corporate Guarantee of Rs. 21,25,35,716 (Rs. 25,11,78,572) given 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 obligation for repayment of the loan of Rs. 27.05 Crores borrowed by IMFCML from OIDB under this guarantee may fall on the Company on due dates which will be 14 half-yearly instalments commencing from April, 2004 and ending in the financial year 2010-11.

16.6 Estimated amount of contract remaining to be executed on Capital Accounts and not provided for amounted to Rs. 1,76,30,989 (Rs. 6,42,56,889).

16.7 Segment Reporting

Information about business and geographical segment for the year ended 31st March, 2005 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 – A.

16.8 Earnings per Share

(i) Earnings per share of the company has been calculated considering the Profit after Taxation of Rs. 41,63,38,099 (Rs. 30,79,37,257) as the numerator.

(ii) The weighted average number of equity shares used as denominator is 1,62,86,081.

(iii) The nominal value of shares is Rs. 16,28,60,810 and the earnings per share for the year on the above mentioned basis comes to Rs. 25.56 (Rs. 18.91).

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

(b) Figures in brackets relate to previous year.

Significant Accounting Policies

SCHEDULE 17

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 realisable 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.
- h) Depreciation on fixed assets of Balmer Lawrie (UK) Ltd. is provided at the rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis :-

Buildings	2% and 5%	Straight Line basis
Containers	5.67%	Straight Line basis
Fixtures and Fittings	15%	Straight Line basis
Plant and Machinery	15%	Straight Line basis
Motor Vehicles	25%	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 temporary/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 upto 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 life except items costing upto Rs. 10,000 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

Significant Accounting Policies (Contd.)

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. Employees Retirement Benefits

a) Company's contributions to Provident Fund are charged to Profit and Loss Account.

b) Retirement benefits in respect of Gratuity, Leave Encashment and Leave Travel Assistance are charged to Profit & Loss Account on the basis of actuarial valuation made during the year.

c) Post retirement medical benefit is also recognised on actuarial valuation made during the year.

6. Deferred Revenue Expenditure

a) Compensation comprising Ex-gratia, Notice-Pay and Rehabilitation Grant payable to employees separating under Voluntary Retirement/Separation Scheme is treated as Deferred Revenue Expenditure and is written off as per following instalments :

i) Upto December, 1999 – Five equal yearly instalments

ii) With effect from January, 2000 – Sixty equal monthly instalments

b) The balance of deferred revenue expenditure at the year-end to the extent not written off or adjusted is carried forward in the Balance Sheet as Miscellaneous Expenditure.

7. Treatment of Prior Period and Extraordinary Items

a) All prior period items which are material and which arise in the current period as a result of error or omission in the preparation of prior period's financial statements 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 Investments, Inventories and Fixed Assets are carried at cost except that the exchange differences relating to liabilities for acquisition of fixed assets are adjusted in the cost of the asset.

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 are converted at the exchange rate as 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.

Significant Accounting Policies (Contd.)**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 asset 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. Contingent Liability in respect of Guarantee for Loan

Guarantees given by the Company to banks and others on behalf of subsidiary/joint venture companies for loans availed by them are treated as contingent liabilities. Liabilities against such guarantees are recognised as and when claims are raised on the Company and accepted by the Company.

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.

13. Leasing and Hire Purchase Commitments

Assets of Balmer Lawrie (UK) Ltd. obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

In terms of our report of even date attached herewith.

For M. CHOUDHURY & CO.

Chartered Accountants

M. CHOUDHURY

Partner

Kolkata, the 23rd May, 2005

S. K. Mukherjee
Managing Director

P. Radhakrishnan
V. N. Sharma
Directors

K. Subramanian
General Manager (Finance)

R. Mukherjee
Secretary

ANNEXURE – A (NOTE 16.7)
Information About Business Segments for the year ended 31st March, 2005

	Industrial Packaging		Logistics Services		Travel and Tours		Greases and Lubricants		Others		Consolidated Total	
	2003-2004		2003-2004		2003-2004		2003-2004		2003-2004		2003-2004	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
SEGMENT REVENUE												
External Revenue	381,94,01,932	305,90,05,637	266,74,75,361	216,54,90,147	351,72,57,278	347,58,38,115	111,94,46,579	114,33,48,791	93,79,43,757	125,87,54,544	1206,15,24,907	1110,24,37,234
Inter-Segment Revenue	6,52,82,285	6,48,59,544	98,99,922	36,52,651	19,86,597	45,15,044	26,82,576	38,16,581	40,84,420	1,93,18,085	8,39,35,800	9,61,61,905
Total Segment Revenue	388,46,84,217	312,38,65,181	267,73,75,283	216,91,42,798	351,92,43,875	348,03,53,159	112,21,29,155	114,71,65,372	94,20,28,177	127,80,72,629	1214,54,60,707	1119,85,99,139
Less :												
Inter-Segment Revenue											8,39,35,800	9,61,61,905
Add :											5,08,54,830	3,61,91,726
Other Unallocable Revenue											5,08,54,830	3,61,91,726
TOTAL REVENUE											1211,23,79,737	1113,86,28,960
SEGMENT RESULT												
Profit/(Loss) before												
Interest & Tax	24,14,25,879	18,32,78,759	51,26,70,200	33,15,88,015	11,32,28,201	10,83,40,143	5,20,41,047	9,48,76,233	2,63,57,138	3,21,15,600	94,57,22,465	75,01,98,750
Less :												
Interest Expense											10,86,60,064	18,20,95,969
Prior Period Adjustments											6,97,575	1,23,76,768
Other Unallocable Expenditure (net of Unallocable Revenue)											23,90,77,235	17,13,73,060
TOTAL PROFIT BEFORE TAX											59,72,87,591	38,43,52,953
OTHER INFORMATION												
Segment Assets	286,46,41,814	250,77,30,435	107,80,35,576	107,46,75,698	51,03,19,010	42,88,67,952	99,72,79,373	90,55,53,364	134,74,90,955	147,09,29,901	679,77,66,728	638,77,57,350
Other Unallocable Assets											44,26,79,409	53,33,09,722
Total Assets											724,04,46,137	692,10,67,072
Segment Liabilities	103,97,82,689	86,04,56,276	86,73,58,297	66,51,54,271	21,58,95,298	17,22,89,455	24,58,76,959	20,55,44,110	23,26,31,428	28,68,15,892	260,15,44,671	219,02,60,004
Other Unallocable Liabilities											35,38,21,701	23,04,44,583
Total Liabilities											295,53,66,372	242,07,04,587
Capital Expenditure	9,32,11,206	8,92,22,610	2,31,66,617	1,83,92,029	17,33,278	44,65,779	3,63,07,998	1,61,40,034	5,65,80,239	2,22,95,197	21,09,99,338	15,05,15,649
Depreciation	10,64,48,789	9,71,16,390	3,01,20,725	2,83,28,669	36,66,332	27,17,890	2,32,14,884	2,13,22,500	8,46,87,151	9,64,96,367	24,81,37,881	24,59,81,816
Amortisation of Deferred Revenue Expenditure	2,36,22,937	2,24,44,848	95,77,750	99,48,068	32,55,170	33,68,568	1,46,66,743	1,75,51,501	5,25,94,145	5,53,72,548	10,37,16,745	10,86,85,533

**Information About Geographical Segments
for the year Ended 31st March, 2005**

	Indian Operations		Overseas Operations		Consolidated Total	
	2003-2004		2003-2004		2003-2004	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Segment External Revenue	1048,87,16,916	969,83,43,769	162,36,62,821	144,02,85,191	1211,23,79,737	1113,86,28,960
Segment Assets	547,49,31,065	529,27,03,131	176,55,15,072	162,83,63,941	724,04,46,137	692,10,67,072
Capital Expenditure	15,12,71,343	11,09,65,713	5,97,27,995	3,95,49,936	21,09,99,338	15,05,15,649

Notes :

- Details of products/services included in each of the above Business Segments are given below :

Industrial Packaging –	Barrels, Drums and Closures
Logistics Services –	Logistics Management & Container Freight Station Activities
Travel & Tours –	Travel (Ticketing), Tours & Money Changing Activities
Greases & Lubricants –	Greases & Lubricating Oils & Aviation Lubricants
Others –	Project Engineering & Consultancy, Tea Blending & Packaging, Leather Chemicals, Operating Lease of Marine Freight Containers,
- Segment Revenue, Expenses and Result include transfers between Business and Geographical Segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods and are eliminated in consolidation.
- Overseas operations under Geographical Segments represent leasing of Marine Freight Containers, Tea Blending & Packaging in UK and Industrial Packaging activity in UAE.

Consolidated Cash Flow Statement prepared pursuant to the Listing Agreement with Stock Exchanges for the year ended 31st March, 2005

	Year ended March 31, 2005	Year ended March 31, 2004
(Rs. in Lakhs)		
A. Cash Flow from operating activities		
Net Profit before tax [Note]	5576	3842
Adjustment for		
Depreciation and fixed assets written off	2605	2661
Foreign Exchange	(36)	(299)
Profit on sale of investment	(206)	(8)
Interest/Dividend	1083	1761
Deferred Revenue Expenditure (charged off during the year)	1037	1087
Operating Profit before Working Capital Changes	10059	9044
Trade and other receivables	(2418)	(3662)
Inventories	(3308)	(3781)
Trade Payables	4736	5186
Deferred Revenue Expenditure (payment made during the year)	—	(551)
Cash generated from operations	9069	6236
Direct Taxes paid	(1662)	(354)
Interest paid	(239)	(414)
NET CASH FROM OPERATING ACTIVITIES	7168	5468
B. Cash Flow from investing activities		
Purchase of Fixed Assets	(2120)	(1491)
Sale of Fixed Assets	1179	120
Sale of Investments	431	868
Interest received	4	4
Dividend received	149	93
NET CASH FROM INVESTING ACTIVITIES	(357)	(406)
C. Cash Flow from financing activities		
Proceeds from Long Term Borrowings	(5052)	(3153)
Interest paid on Long Term Borrowings	(865)	(1369)
Dividend paid	(723)	(557)
Corporate Tax on Dividend	(88)	(75)
NET CASH FROM FINANCING ACTIVITIES	(6728)	(5154)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	83	(92)
CASH & CASH EQUIVALENTS – OPENING BALANCE	(840)	(748)
CASH & CASH EQUIVALENTS – CLOSING BALANCE	(757)	(840)

On behalf of the Board

S. K. Mukherjee
Managing Director

AUDITORS' CERTIFICATE

We have examined the above Consolidated Cash Flow Statement of Balmer Lawrie & Co. Limited, its wholly owned subsidiary Balmer Lawrie (UK) Ltd. and its Joint Venture Companies, as mentioned in Note 16.1 to the Accounts for the year ended 31st March, 2005. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Consolidated Profit and Loss Account and Balance Sheet of the Company covered by our report of 23rd May, 2005 to the members of the Company.

For M. CHOUDHURY & CO.
Chartered Accountants
M. CHOUDHURY
Partner

Kolkata
23rd May, 2005

	2004-05	2003-04
(Rs. in lakhs)		
NOTE ON CASH FLOW STATEMENT		
Net Profit after tax as per Profit & Loss Account	4163	3080
Add : Tax Provision (Net)	1810	764
	5973	3844
Less : Profit/(Loss) on Disposal of Fixed Assets (net)	397	2
Net Profit before tax	5576	3842