

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

SCHEDULE 1		SHARE CAPITAL		As at	
				31st March, 2004	
			Rs.		Rs.
Authorised					
3,00,00,000	Equity Shares of Rs. 10 each		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
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
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		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
			16,28,60,810		16,28,60,810

SCHEDULE 2		RESERVES AND SURPLUS		As at	
				31st March, 2004	
		Rs.	Rs.	Rs.	Rs.
Capital Reserve					
Central Investment Subsidy					
As per last Account			80,250		80,250
Share Premium					
As per last Account			36,26,76,720		36,26,76,720
Share Investment Reserve					
As per last Account		—		7,25,46,534	
Less : Transferred to General Reserve		—		7,25,46,534	—
Foreign Exchange Earnings Reserve					
As per last Account		50,000		65,000	
Less : Transferred to Profit & Loss Account		50,000		15,000	50,000
Foreign Projects Reserve					
As per last Account		2,61,93,804		2,56,93,804	
Add : Transferred from Profit & Loss Account		—	2,61,93,804	5,00,000	2,61,93,804
Contingency Reserve					
As per last Account		—		10,00,00,000	
Less : Transferred to General Reserve		—		10,00,00,000	—
General Reserve					
As per last Account		106,12,72,471		78,87,25,937	
Add : Transferred from Share Investment Reserve		—		7,25,46,534	
Add : Transferred from Contingency Reserve		—		10,00,00,000	
Add : Transferred from Profit & Loss Account		15,00,00,000	121,12,72,471	10,00,00,000	106,12,72,471
Profit and Loss Account			19,41,25,734		14,80,81,628
			179,43,48,979		159,83,54,873

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

SCHEDULE 3	SECURED LOANS	Rs.	As at 31st March, 2004 Rs.
From Banks/Financial Institutions			
Cash Credit/Export Credit/Working Capital Demand Loan			
Secured by hypothecation of stocks and debtors		2,76,79,331	4,52,84,760
Term Loan from Banks		77,70,23,451	121,57,14,200
Interest accrued and due		—	39,726
		<u>80,47,02,782</u>	<u>126,10,38,686</u>

Notes :

- (i) Term Loan taken by the Company from Banks amounting to Rs. 61.45 crores (Rs. 88.07 crores) is secured by way of *pari-passu* first charge on certain movable fixed assets and some immovable properties of the Company.
- (ii) Term Loan taken from Banks amounting to Rs. 16.25 crores (Rs. 33.50 crores) is secured by way of specific and exclusive charge on some immovable properties of the Company.

SCHEDULE 4	UNSECURED LOANS	Rs.	As at 31st March, 2004 Rs.
Loans and Advances			
From other than Banks		89,75,215	1,09,35,303
		<u>89,75,215</u>	<u>1,09,35,303</u>

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

SCHEDULE 5

(A) Assets held for active use

FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 1st April, 2004	Additions during the year	Total 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	10,47,00,846	8,79,600	—	10,55,80,446	—	—	—	—	10,55,80,446	10,47,00,846
– Leasehold	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
Buildings & Sidings	75,13,10,288	1,38,17,622	—	76,51,27,910	11,32,90,598	1,56,86,558	—	12,89,77,156	63,61,50,754	63,80,19,690
Plant & Machinery	104,57,17,351	2,11,03,840	41,24,463	106,26,96,728	42,25,48,983	5,24,32,696	39,57,436	47,10,24,243	59,16,72,485	62,31,68,368
Spares for Plant & Machinery	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 and Equipment	15,73,12,099	47,51,001	19,93,807	16,00,69,293	6,79,65,384	1,00,29,797	14,72,936	7,65,22,245	8,35,47,048	8,93,46,715
Furniture and Fittings	4,83,92,852	15,91,862	24,14,801	4,75,69,913	2,92,46,953	36,79,747	20,47,241	3,08,79,459	1,66,90,454	1,91,45,899
Typewriters, Accounting Machine and Office Equipment	13,39,09,766	63,82,806	55,86,429	13,47,06,143	8,79,99,563	1,56,57,081	50,42,088	9,86,14,556	3,60,91,587	4,59,10,203
Tubewells, Tanks and Miscellaneous Equipment	7,76,15,163	4,96,850	2,68,920	7,78,43,093	3,79,33,194	32,26,065	2,54,156	4,09,05,103	3,69,37,990	3,96,81,969
Vehicles	30,42,393	2,84,219	3,377	33,23,235	9,16,130	2,90,158	2,190	12,04,098	21,19,137	21,26,263
Total (A)	258,55,97,303	5,65,60,764	1,43,91,797	262,77,66,270	80,05,00,567	11,92,49,424	1,27,76,047	90,69,73,944	172,07,92,326	178,50,96,736

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 and 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 and 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
Grand Total (A+B)	271,93,20,608	5,65,60,764	2,19,04,589	275,39,76,783	87,13,15,945	12,44,31,616	48,42,850	99,09,04,711	176,30,72,072	184,80,04,663
2003/04	272,94,00,950	6,01,25,546	7,02,05,888	271,93,20,608	80,54,11,132	11,33,65,788	4,74,60,975	87,13,15,945	184,80,04,663	—

	2004-05 Rs.	2003-04 Rs.
Depreciation for the year as above	12,44,31,616	11,33,65,788
Less :		
Prior Period Adjustment	1,16,392	1,26,501
Depreciation as per Profit & Loss Account	12,43,15,224	11,32,39,287

(*) During the year there has been a diminution in value of Rs. 1,17,71,394 (Rs. 2,00,39,547) ascertained by applying “lower of the net book value and net realisable value” which has been recognised in the Profit & Loss Account.

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

SCHEDULE 6	INVESTMENTS				As at	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Unquoted, unless otherwise stated						
Long Term Investments						
Government Securities – at cost						
As per last account	55,885				55,885	
Purchased during the year	<u>100</u>	55,985			<u>—</u>	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.		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		
Less : Sold during the year	<u>2,25,00,000</u>	—		<u>—</u>	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	
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			11,64,54,970	
16,69,002 Ordinary Shares of Rs. 10 each in Indian Marine Freight Containers Manufacturing Ltd.		<u>1</u>	28,61,58,348		<u>1</u>	30,86,58,348
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	

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

SCHEDULE 6 (Contd.)

	Rs.	Rs.	Rs.	Rs.	As at 31st March, 2004	
					Rs.	Rs.
280 5% Non-redeemable Debenture Stock 1957 of Rs. 100 each in the East India Clinic Ltd.		28,000			28,000	
Nil (Nil) Units of Rs. 10 each in Unit-64 Scheme of Unit Trust of India	—			8,60,10,000		
Less : Redeemed during the year	—	—	51,394	8,60,10,000	—	51,394
			47,36,71,631			49,61,71,531
Quoted Investments – at cost						
[Market value Rs. 15,16,99,512 (2003/04 – Rs. 12,83,69,738)]			11,64,70,211			13,89,70,211
Unquoted Investments – at cost			35,72,01,420			35,72,01,320
			47,36,71,631			49,61,71,531

SCHEDULE 7

INVENTORIES

	Rs.	Rs.	As at 31st March, 2004	
			Rs.	Rs.
Raw Materials		42,19,57,598		34,27,54,941
Finished Goods		17,14,13,904		13,80,18,362
Trading Goods		34,38,642		2,09,293
Work-in-Progress		5,67,26,150		3,55,16,887
Stock-in-Transit				
Raw Materials	10,69,77,917		7,30,99,789	
Finished Goods	87,94,059		2,32,70,715	
		11,57,71,976		9,63,70,504
Stores and Spare Parts		2,13,83,088		2,16,64,403
Loose Tools		5,00,840		7,07,220
		79,11,92,198		63,52,41,610

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

SCHEDULE 8	DEBTORS		As at	
			31st March, 2004	
	Rs.	Rs.	Rs.	Rs.
Debts due for more than six months				
Considered Good				
Unsecured				
Others	16,82,22,915		19,75,09,471	
Considered Doubtful	1,52,88,219		97,67,248	
	18,35,11,134		<u>20,72,76,719</u>	
Less : Provision for Doubtful Debts	1,52,88,219	16,82,22,915	<u>97,67,248</u>	19,75,09,471
Other Debts				
Considered Good				
Unsecured				
Others		133,66,79,902		119,77,10,295
		150,49,02,817		<u>139,52,19,766</u>

SCHEDULE 9	CASH AND BANK BALANCES		As at 31st March, 2004	
			Rs.	Rs.
Cash in Hand (including cheques and stamps)		91,44,150		40,91,491
With Scheduled Banks				
In Current Accounts	10,46,84,072		8,69,35,408	
In Short Term Deposit Accounts	5,46,816		3,20,508	
In Dividend Accounts	37,47,982	10,89,78,870	<u>42,96,297</u>	9,15,52,213
With ABN AMRO Bank, Dubai				
in Current Account [Maximum Amount Rs. 84,878 (2003/04 – Rs. 40,73,615)]		84,878		84,781
With Standard Chartered Bank, Dubai				
in Current Accounts [Maximum Amount Rs. 1,33,89,799 (2003/04 – Rs. 84,68,526)]		14,79,889		44,76,805
		11,96,87,787		<u>10,02,05,290</u>

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

SCHEDULE 10	LOANS AND ADVANCES		As at 31st March, 2004	
	Rs.	Rs.	Rs.	Rs.
Advances recoverable in cash or in kind or for value to be received – Considered Good				
Secured	9,60,70,369		9,49,43,829	
[Due from Directors and another officer – Rs. 7,35,428 Maximum amount Rs. 7,93,430 (2003/04 – Due Rs. 7,20,006 and Maximum Rs. 7,64,106)]				
Unsecured				
Subsidiary Company				
Balmer Lawrie (UK) Ltd.	17,61,745		5,65,328	
Holding Company				
Balmer Lawrie Investments Ltd.	33,000		8,057	
Others	30,43,28,931		33,93,38,520	
Considered Doubtful	55,12,288		50,38,341	
	40,77,06,333		43,98,94,075	
Less : Provision	55,12,288	40,21,94,045	50,38,341	43,48,55,734
Deposits – Unsecured				
Considered Good		10,69,21,170		10,07,98,712
Balance with Customs, Port Trust, Central Excise etc. Considered Good		3,69,60,539		2,44,68,508
		54,60,75,754		56,01,22,954

SCHEDULE 11	CURRENT LIABILITIES AND PROVISIONS		As at 31st March, 2004	
	Rs.	Rs.	Rs.	Rs.
Current Liabilities				
Sundry Creditors				
– Due to Small Scale Industries		40,43,114		45,31,068
– Due to Others		204,36,98,234		174,09,78,957
Amounts received in advance against contracts		9,12,71,589		10,97,57,968
Interest accrued but not due		—		59,042
Investor Education and Protection Fund shall be credited by the following amount :				
– Unclaimed Dividend [Refer Note below]		37,47,982		42,96,297
Provisions				
Contingency				
As per last Account	1,00,000		1,00,000	
Provision made during the year	40,00,000	41,00,000	—	1,00,000
Proposed Final Dividend		8,95,73,446		5,70,01,284
Taxation, net of Advance Payment		2,96,13,044		40,35,056
		226,60,47,409		192,07,59,672

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, 2005

SCHEDULE 12

OTHER INCOME

	Rs.	Rs.	Rs.	Rs.	2003-2004 Rs.	Rs.
Income from Investments						
Trade Investments						
Dividend		3,83,91,219			5,09,35,613	
Other Investments						
Dividend	71,518			1,09,744		
Interest	585	72,103	3,84,63,322	585	1,10,329	5,10,45,942
Interest on Advances, Deposits, Deferred Credit and Overdue Debts			53,25,315			83,80,530
Profit on Disposal of Fixed Assets			51,11,976			33,48,036
Profit on Sale of Investments			2,06,10,184			8,37,114
Export Incentives			13,80,064			21,05,193
Rent			1,00,67,570			87,46,091
Recovery of Transportation Charges			2,43,29,167			2,15,23,632
Discount and Commission			16,15,067			8,77,084
Claims			13,48,776			1,98,336
Liabilities/Provisions no longer required written back			3,11,66,464			71,67,534
Sundries			3,74,66,288			4,77,06,456
			<u>17,68,84,193</u>			<u>15,19,35,948</u>

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

SCHEDULE 13

GENERAL EXPENDITURE

	Rs.	2003-2004 Rs.
Salaries, Wages, Bonus, Pensions and Gratuity [includes Pensions to Ex-Directors Rs. 2,30,960 (2003/04 – Rs. 1,84,171)]	46,59,19,298	41,36,15,935
Contribution to Provident and Other Funds	7,67,27,797	4,53,68,386
Workmen and Staff Welfare Expenses	5,04,95,174	4,84,21,998
Manufacturing Expenses	4,33,27,991	4,92,80,617
Excise Duty	1,11,78,553	1,52,05,077
Consumption of Stores and Spare Parts	3,14,21,390	2,06,63,665
Repairs and Maintenance		
Buildings	2,06,64,359	1,65,13,639
Plant & Machinery	1,34,09,556	1,17,81,037
Others	1,59,43,620	1,64,47,357
Power & Fuel	8,71,40,831	7,93,97,953
Electricity and Gas	1,63,75,947	1,59,03,096
Rent	3,16,01,192	2,99,88,777
Insurance	83,15,174	83,32,121
Packing, Despatching, Freight and Shipping Charges	8,94,35,771	8,28,22,360
Rates and Taxes	93,39,180	99,53,857
Interest [including Rs. 7,15,46,626 on Fixed Loans (2003/04 – Rs. 11,69,63,958)]	8,42,91,277	15,32,09,205
Auditors' Remuneration and Expenses	7,79,457	7,10,515
Bad Debts written off	93,14,912	6,82,51,766
Inventory written off	17,973	—
Fixed Assets written off	1,23,50,931	2,01,18,821
Investments written off	—	12,89,90,019
Provision for Contingency	40,00,000	—
Provision for Debts, Deposits, Loans and Advances considered doubtful	81,43,189	50,40,930
Loss on Disposal of Fixed Assets	4,13,334	6,76,642
Selling Commission	3,40,81,308	3,72,78,629
Cash Discount	39,38,397	41,98,154
Bank Charges and Discount	72,63,008	78,97,977
Travelling Expenses	5,91,33,177	5,80,15,293
Printing and Stationery	1,29,21,820	1,18,65,222
Motor Car Expenses	46,52,995	47,99,080
Telephone, Telex, Postage, Cables and Telegrams	2,27,87,129	2,32,58,321
Donations	30,00,000	5,00,000
Turnover Tax	63,33,959	58,53,063
Amortisation of Deferred Revenue Expenditure (VRS)	10,13,12,746	10,40,95,070
Miscellaneous Expenses	21,20,80,699	17,85,60,958
	155,81,12,144	167,70,15,540
Less : Provision for Debts, Deposits, Loans & Advances and Investments considered doubtful, written back	(–) 16,65,235	(–) 17,19,49,233
	155,64,46,909	150,50,66,307

Balmer Lawrie & Co. Ltd.

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

SCHEDULE 14

ACCRETION (-) / DECRETION TO INVENTORIES

	Rs.	Rs.	Rs.	2003-2004 Rs.
Opening Balance				
Trading Goods	2,09,293		19,23,777	
Work-in-Progress	3,55,16,887		3,44,87,032	
Finished Goods	<u>16,12,89,077</u>	<u>19,70,15,257</u>	<u>12,71,96,486</u>	16,36,07,295
Less : Closing Balance				
Trading Goods	34,38,642		2,09,293	
Work-in-Progress	5,67,26,150		3,55,16,887	
Finished Goods [including in transit Rs. 87,94,059 (2003/04 – Rs. 2,32,70,715)]	<u>18,02,07,963</u>	<u>24,03,72,755</u>	<u>16,12,89,077</u>	<u>19,70,15,257</u>
		<u>(-) 4,33,57,498</u>		<u>(-) 3,34,07,962</u>

SCHEDULE 15

PRIOR PERIOD ADJUSTMENTS

	Rs.	Rs.
Income		
Sales		
Manufactured Goods	(-) 3,04,711	(-) 29,56,453
Trading Goods	54,000	—
Services	(-) 9,16,301	(-) 22,11,365
Other Income	<u>2,49,856</u>	<u>(-) 6,71,254</u>
	<u>(-) 9,17,156</u>	<u>(-) 58,39,072</u>
Expenditure		
Raw Materials Consumed	39,602	—
General Expenditure	(-) 4,21,174	66,91,713
Depreciation	<u>1,16,392</u>	<u>1,26,501</u>
	<u>(-) 2,65,180</u>	<u>68,18,214</u>
Net Debit	<u>6,51,976</u>	<u>1,26,57,286</u>

Notes on Accounts

SCHEDULE 16

- 16.1 1,00,64,700 Equity Shares are held by Balmer Lawrie Investments Ltd. (Holding Company).
- 16.2 (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 & 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.
- 16.3 Contingent Liabilities as at 31st March, 2005 not provided for in the accounts are :
- (a) Disputed demand for Excise Duty, Income Tax and Sales Tax amounting to Rs. 8,67,56,608 (Rs. 16,86,31,751) against which the Company has lodged appeals/petitions before appropriate authorities. Details of such disputed demands as on 31st March, 2005 are given in Annexure – A.
- (b) Claims against the Company not acknowledged as debts amounts 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.
- 16.4 (a) Counter Guarantees given to Standard Chartered Bank, Bank of Baroda, Canara Bank, HSBC, State Bank of India, United Bank of India, Oil Industry Development Board and Fortis Bank in respect of guarantees/loans given by them amounts to Rs. 41,56,24,847 (Rs. 48,94,96,090).
- (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 now 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.
- 16.5 Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for amounted to Rs. 96,95,283 (Rs. 76,09,239).
- 16.6 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.	2,51,009	(5,87,399)
Flexi Pack India Pvt. Ltd.	7,19,761	(3,09,422)
Jaraikeela L. (I) Pvt. Ltd.	4,33,978	(2,99,419)
Modern Paper Industries	1,43,053	(46,227)
Kamini Engineering Works	—	(1,40,838)
Bengal Plastic & Engg. Works	1,47,107	(2,14,525)
Atlas Paper Industries	9,747	(2,13,245)
Sangido Enterprises	1,82,560	(1,15,708)
Total	18,87,215	(19,26,783)

16.7 The amount of exchange difference debited to Profit & Loss Account is Rs. 34,09,257 (Rs. 1,41,61,609).

16.8 For confirmation of balances, letters were issued to debtors and others, but not responded to in many cases.

Notes on Accounts (Contd.)

16.9 Remuneration of Managing Director and Wholetime Directors :

	Rs.	Rs.
Salaries	20,48,195	(22,16,144)
Contribution to Provident Fund	2,07,033	(2,00,512)
Gratuity	79,532	(1,27,011)
Perquisites	5,05,493	(6,36,309)
	<u>28,40,253</u>	<u>(31,79,976)</u>

16.10 Auditors' remuneration and expenses :

Statutory Auditors		
— Audit Fees	1,78,524	(1,49,850)
— Tax Audit Fees	50,580	(59,400)
— Other Capacity for Limited Review and other certification jobs	1,76,430	(2,00,700)
Branch Auditors		
— Audit Fees	2,84,316	(2,28,200)
— Other Capacity	—	—
— Expenses relating to audit of Accounts	89,607	(72,365)
	<u>7,79,457</u>	<u>(7,10,515)</u>

Notes on Accounts (Contd.)

16.11 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 (71,600)	19,392 (19,778)	14,248 (11,545)	33,640 (31,323)
Barrels and Drums	Nos.	37,80,000 (36,70,000)	25,77,345 (22,75,057)	9,30,007 (10,45,346)	35,07,352 (33,20,403)
Blended Tea including Bulk, Packets and Tea Bags	M.T.	3,000 (3,000)	654 (476)	23 (17)	677 (493)
Leather Auxiliaries	M.T.	3,000 (3,000)	4,089 (3,494)	— (—)	4,089 (3,494)
LPG Cylinders	Nos.	2,39,200 (2,39,200)	9,690 (715)	— (—)	9,690 (715)

(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 653 MT/KL. (653 MT/KL.), 16,277 Nos. (1,11,439 Nos.) and 1,746 M.T. (1,050 M.T.) respectively manufactured through outside parties.

Notes on Accounts (Contd.)

16.11 (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.	2,091 (1,880)	8,69,73,630 (7,81,33,925)	2,327 (2,091)	11,30,04,068 (8,69,73,630)	19,774 (20,201)	104,92,93,489 (100,25,57,528)
Barrels and Drums	Nos.	54,401 (29,975)	3,81,82,127 (1,78,09,608)	59,227 (54,401)	4,56,25,641 (3,81,82,127)	25,08,450 (22,71,830)	214,68,03,305 (166,28,40,989)
Blended Teas including Bulk, Packets and Tea Bags	M.T.	2 (3)	9,16,694 (7,30,076)	1 (2)	1,13,867 (9,16,694)	2,400 (1,526)	15,54,40,738 (13,14,12,868)
Leather Auxiliaries	M.T.	223 (356)	86,23,549 (1,67,77,176)	270 (223)	1,15,96,741 (86,23,549)	4,042 (3,627)	24,79,81,101 (21,53,00,579)
LPG Cylinders	Nos.	584 (584)	2,43,958 (3,73,643)	584 (584)	2,55,309 (2,43,958)	9,690 (715)	69,80,344 (3,58,939)
Others including Manufacturing Scrap			2,61,58,533 (1,07,50,710)		96,12,337 (2,61,58,533)		22,10,72,075 (18,23,31,128)
			<u>16,10,98,491</u> <u>(12,45,75,138)</u>		<u>18,02,07,963</u> <u>(16,10,98,491)</u>		<u>382,75,71,052</u> <u>(319,48,02,031)</u>

Sales do not include Greases & Lubricating Oils 35 M.T./K.L. (19 M.T./K.L.), Barrels and Drums 80,346 Nos. (90,240 Nos.) and Blended Teas 1 M.T. (1 M.T.) internally consumed.

Notes on Accounts (Contd.)

16.11 (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.	—	—	—	—	14,248	24,73,86,208
		(63)	(26,18,865)	(—)	(—)	(11,608)	(22,65,78,374)
Barrels and Drums	Nos.	4,470	1,90,586	1,642	—	9,32,835	6,36,90,594
		(36)	(2,483)	(4,470)	(1,90,586)	(10,40,912)	(6,70,59,589)
Blended Teas including Bulk, Packets and Tea Bags	M.T.	—	—	—	—	23	9,71,723
		(—)	(—)	(—)	(—)	(17)	(6,89,447)
			1,90,586		—		31,20,48,525
			<u>(26,21,348)</u>		<u>(1,90,586)</u>		<u>(29,43,27,410)</u>

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

	Unit	Quantity	Value Rs.
Lubricating Base Oils	K.L.	16,863 (14,740)	41,71,28,415 (31,92,72,001)
Vegetable and Other Fats	M.T.	2,759 (4,055)	11,85,34,623 (16,69,30,799)
Steel	M.T.	51,821 (48,827)	150,39,76,575 (113,64,89,980)
Miscellaneous Fittings	Set	25,85,672 (23,83,141)	5,34,80,602 (7,29,83,522)
Paints	Ltr.	6,74,308 (6,55,763)	3,94,71,768 (3,27,23,214)
Tea	M.T.	2,399 (1,525)	13,80,57,726 (10,34,64,415)
Others			33,45,33,512 (30,56,17,588)
			<u>260,51,83,221</u> <u>(213,74,81,519)</u>

Notes on Accounts (Contd.)

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

	Rs.	%	Rs.	%
Imported	5,97,42,785	2.27	(8,85,70,816)	(4.10)
Indigenous	257,68,61,826	97.73	(206,95,74,368)	(95.90)
	<u>263,66,04,611</u>	<u>100.00</u>	<u>(215,81,45,184)</u>	<u>(100.00)</u>

16.14 (a) Purchase and Sale of Trading Goods :

Class of Goods	Unit	Purchase		Sale	
		Quantity	Value	Quantity	Value
			Rs.		Rs.
Leather Auxiliaries	M.T.	68	98,37,739	44	1,03,22,823
		(17)	(26,78,161)	(30)	(65,68,377)
Steel	M.T.	—	—	—	—
		(261)	(59,86,034)	(261)	(63,00,276)
Others			1,42,30,327		1,47,38,626
			(61,30,852)		(76,64,571)
			<u>2,40,68,066</u>		<u>2,50,61,449</u>
			<u>(1,47,95,047)</u>		<u>(2,05,33,224)</u>

Sales do not include Leather Chemicals 13 MT (3 MT) used for internal consumption.

16.14 (b) Stock of Trading Goods :

Class of Goods	Unit	Opening		Closing	
		Quantity	Value	Quantity	Value
			Rs.		Rs.
Leather Auxiliaries	M.T.	13	1,72,437	24	33,17,228
		(29)	(19,13,144)	(13)	(1,72,437)
Others			36,856		1,21,414
			(10,633)		(36,856)
			<u>2,09,293</u>		<u>34,38,642</u>
Total			<u>(19,23,777)</u>		<u>(2,09,293)</u>

Notes on Accounts (Contd.)

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

	Rs.	Rs.
Raw Materials	6,52,63,426	(5,29,73,383)
Components and Spare Parts	7,83,372	(20,71,800)
Capital Goods	7,37,571	(66,56,759)
Trading Goods	1,91,74,579	(2,70,82,447)
	<u>8,59,58,948</u>	<u>(8,87,84,389)</u>

16.15 (b) Expenditure in Foreign Currency :

Purchases —		
Turnkey Projects	1,33,65,392	(2,52,35,174)
Services	51,57,06,822	(57,38,16,654)
Others	46,63,47,694	(21,82,78,288)
	<u>99,54,19,908</u>	<u>(81,73,30,116)</u>

16.15 (c) Earnings in Foreign Currency :

Export of Goods and Components calculated on F.O.B. basis as invoiced	11,04,90,399	(8,33,21,323)
Interest and Dividend	4,25,30,371	(4,53,26,444)
Services	1,94,31,293	(2,15,86,579)
Turnkey Projects	2,07,95,422	(4,05,75,109)
Freight, Insurance, Exchange Gain and Miscellaneous Items	45,87,420	(43,38,362)
	<u>19,78,34,905</u>	<u>(19,51,47,817)</u>

Earnings from services exclude deemed exports of Rs. 56,23,219 (Rs. 33,14,031).

16.16 Research and Development Expenditure charged to Profit & Loss Account during the year 2004-2005 amounts to Rs.1,52,66,486 (Rs.1,56,24,352).

16.17 The Company at the beginning of the year had an unutilised amount of Rs. 18,07,948 (Rs. 1,09,35,407) out of grant received from Oil Industry Development Board during earlier years. The Company has received grant of Rs. Nil (Rs. Nil) from Oil Industry Development Board during the year for Research and Development Expenditure out of which an amount of Rs. 12,99,120 (Rs. 91,27,459) has been utilised and netted off under relevant heads of expenditure. Unutilised balance of the grant at the year end is Rs. 5,08,828 (Rs.18,07,948).

16.18 The Company has been providing depreciation on all assets of the company in accordance with the rates provided in Schedule XIV of the Companies Act, 1956. There is a change in the method of depreciation pertaining to assets given to employees under the Furniture Equipment Scheme of the Company as enumerated in para 17.1 (f) of Significant Accounting Policies. Such revision in rates has resulted in decrease in profit before taxation by Rs. 62,22,714.

16.19 Provision has been made in 2004-05 towards liability on account of encashable Half-pay Leave and Leave Travel Assistance payable to employees amounting to Rs. 2,88,31,900 on the basis of actuarial valuation.

16.20 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.

Notes on Accounts (Contd.)
16.21 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
Indian Container Leasing Company Limited	Joint Venture
Balmer Lawrie-Van Leer Ltd.	Joint Venture
Balmer Lawrie (UAE) Llc.	Joint Venture
Avi-Oil India (P) Ltd.	Joint Venture
Indian Marine Freight Container Manufacturing 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. K. Bishnoi, Managing Director	Key Management Personnel [upto 31-03-2004]
Shri N. P. Singh, Director (Bombay)	Key Management Personnel [upto 14-10-2003]
Shri P. Radhakrishnan, Director (Calcutta)	Key Management Personnel [w.e.f. 11-03-2003]
Shri V. N. Sharma, Director (Bombay)	Key Management Personnel [w.e.f. 20-01-2005]

ii) Transactions with Related Parties

<u>Type of Transaction</u>		<u>Holding Company</u>	<u>Subsidiary</u>	<u>Joint Ventures</u>	<u>Key Management Personnel</u>	<u>Total</u>
		(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
a) Sale of goods	31/3/2005	58,500	2,47,12,453	45,95,000	-	2,93,65,953
	31/3/2004	-	4,55,53,066	1,41,68,120	-	5,97,21,186
b) Purchase of goods	31/3/2005	-	28,04,497	3,42,22,274	-	3,70,26,771
	31/3/2004	-	18,70,869	4,45,72,645	-	4,64,43,514
c) Value of services rendered	31/3/2005	10,05,000	10,899	3,54,36,446	-	3,64,52,345
	31/3/2004	7,80,000	45,551	3,45,41,480	-	3,53,67,031
d) Value of services received	31/3/2005	-	-	19,93,584	20,96,832	40,90,416
	31/3/2004	-	-	6,78,410	33,66,933	40,45,343
e) Income from leasing or hire purchase agreement	31/3/2005	-	-	73,260	-	73,260
	31/3/2004	-	-	-	-	-
f) Expenses from leasing or hire purchase agreement	31/3/2005	-	-	6,06,848	-	6,06,848
	31/3/2004	-	-	6,19,739	-	6,19,739
g) Investment in shares as on	31/3/2005	-	18,74,05,904	28,25,54,071	-	46,99,59,975
	31/3/2004	-	18,74,05,904	28,25,54,071	-	46,99,59,975
h) Loans given as on	31/3/2005	-	-	-	4,18,622	4,18,622
	31/3/2004	-	-	-	6,65,920	6,65,920
i) Dividend Income	31/3/2005	-	-	3,83,91,219	-	3,83,91,219
	31/3/2004	-	-	4,89,35,613	-	4,89,35,613
j) Interest Income	31/3/2005	-	-	-	7,645	7,645
	31/3/2004	-	-	-	27,610	27,610

Notes on Accounts (Contd.)

ii) Transactions with Related Parties (Contd.)

Type of Transaction		Holding	Subsidiary	Joint	Key	Total
		Company		Ventures	Management	
		(Rs.)	(Rs.)	(Rs.)	Personnel	(Rs.)
k) Amount received on a/c. of salaries, etc. of Employees deputed or otherwise	31/03/2005	2,09,000	4,03,917	11,52,312	–	17,65,229
	31/03/2004	–	2,82,247	12,08,262	–	14,90,509
l) Net outstanding recoverable as on	31/03/2005	33,000	1,43,47,978	4,31,72,822	4,18,622	5,79,72,422
	31/03/2004	8,057	1,77,57,407	6,72,59,285	6,65,920	8,56,90,669
m) Net outstanding payable as on	31/03/2005	–	13,28,223	40,35,407	–	53,63,630
	31/03/2004	–	12,75,097	72,13,842	–	84,88,939
n) Balance outstanding against guarantee given as on	31/03/2005	–	45,14,600	21,25,35,716	–	21,70,50,316
	31/03/2004	–	1,60,95,558	25,11,78,572	–	26,72,74,130
o) Write-offs made during the year ended on	31/03/2005	–	–	8,856	–	8,856
	31/03/2004	–	–	12,954	–	12,954
p) Write-back made during the year ended on	31/03/2005	–	–	13,036	–	13,036
	31/03/2004	–	–	–	–	–

16.22 The Projects Division of the Company had during the year 2004-05 undertaken various project assignments 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 :

	2004-05	2003-04
	Rs.	Rs.
a) Amount of contract revenue recognised as revenue in the period	19,73,96,183	55,32,10,758
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) upto the reporting date for contracts in progress		
– Costs incurred	40,91,87,163	38,09,75,912
– Recognised Profit	3,00,88,181	4,84,12,222
e) Advances received for contracts in progress	Nil	Nil
f) Amount of retentions for contracts in progress	1,79,62,261	2,61,84,631
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

16.23 Segment Reporting

Information about business 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 – B.

Notes on Accounts (Contd.)

16.24 Earnings per Share

- i) Earnings per share of the Company has been calculated considering the Profit after Taxation of Rs. 29,82,76,293 (Rs. 18,57,96,659) 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. 18.31 (Rs. 11.41).

16.25 Accounting for Deferred Taxation

The major components of the net deferred tax liability are :

	<u>2004-05</u>		<u>2003-04</u>	
	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>	<u>Rs./Lakhs</u>
Opening Adjustment				
Net Opening Balance [A]		3262.08		3116.08
Provision for the Current Year				
Liability for timing difference arising during the year on account of :				
a) Depreciation Allowance	—		88.16	
b) Write-off of Investment in Unit-64	—		163.37	
c) MAT Credit u/s 115 JAA of Income Tax Act, 1961	—		83.81	
d) Provision for loans, debts, deposits, advances & investment, written back	6.00	6.00	48.44	383.78
Less :				
i) Reduction in liability towards unabsorbed balance of Miscellaneous Expenditure not yet written-off	—		147.43	
ii) Fixed Assets written-off in accounts	45.00		72.17	
iii) Depreciation Allowance	13.00		—	
iv) Adjustment of VRS expenses	140.00		—	
v) Provision for Contingency	15.00		—	
vi) Provision for loans, debts, deposits & advances	30.00	243.00	18.18	237.78
Net Deferred Tax Liability for the year [B]		(-) 237.00		146.00
Balance of Deferred Taxation Liability [A+B]		3025.08		3262.08

16.26 Disclosure of Interests in Joint Venture Companies

<u>Name of Joint Venture Company</u>	<u>Proportion of Shareholding</u>	<u>Country of Incorporation</u>
Indian Container Leasing Company Ltd.	29%	India
Balmer Lawrie-Van Leer Ltd.	40%	India
Balmer Lawrie (UAE) Llc.	49%	United Arab Emirates
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. 79,35,706 (Rs. 5,66,47,650).

Notes on Accounts (Contd.)

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. 97,15,33,398	(Rs. 82,76,24,896)
Liabilities	Rs. 42,58,35,534	(Rs. 35,99,70,675)
Income	Rs. 187,25,84,773	(Rs. 160,43,30,481)
Expenses	Rs. 176,46,61,401	(Rs. 151,01,05,452)

16.27 Cost of Services is comprised of :

	Rs.	Rs.
Air/Rail travel costs	330,12,04,235	(327,13,74,053)
Air/Ocean freight	176,17,77,559	(148,68,66,129)
Transportation/Handling	8,84,33,504	(8,73,56,648)
Other Service charges	73,16,155	(76,58,151)
	<u>515,87,31,453</u>	<u>(485,32,54,981)</u>

16.28 Miscellaneous Expenses shown under "General Expenditure" (Schedule 13) do not include any item of expenditure which exceeds 1% of the total revenue of the company or Rs. 5,000/-, whichever is higher.

16.29 Provision for Contingency

The financial results of the company for the year 2004-05 have been derived after considering creation of a provision for contingency of 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 considered good and write-off of old inventory held by various units of the company.

16.30 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 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 assets 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 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 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.

Significant Accounting Policies (Contd.)

- 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.

Significant Accounting Policies (Contd.)

- 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.

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.

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. Subramanyan
General Manager (Finance)

R. Mukherjee
Secretary

**Statement of Disputed Dues as on 31st March, 2005
(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
		2004-05	2003-04		
Sales Tax Act	Sales Tax	17,40,931	17,40,931	Assessment Year 1994/95	Tribunal at Mumbai
		2,03,473	2,03,473	Assessment Year 1996/97	Dy. Commissioner, Mumbai
		56,173	56,173	Assessment Year 1997/98	Dy. Commissioner, Mumbai
		52,430	52,430	Assessment Year 1998/99	Dy. Commissioner, Mumbai
		34,556	3,56,001	Assessment Year 1999/00	Dy. Commissioner, Mumbai
		1,55,046	1,55,004	Assessment Year 1994/95	Tribunal at Mumbai
		8,87,355	8,87,355	Assessment Year 1996/97	Dy. Commissioner, Mumbai
		21,47,098	21,21,366	Assessment Year 1997/98	Dy. Commissioner, Mumbai
		4,00,035	4,00,035	Assessment Year 1998/99	Dy. Commissioner, Mumbai
		2,01,714	56,75,408	Assessment Year 1999/00	Dy. Commissioner, Mumbai
		4,87,000	4,87,000	Assessment Year 1991/92	Tribunal, Agra
		3,70,000	3,70,000	Assessment Year 1992/93	Tribunal, Agra
		18,000	18,000	Assessment Year 1993/94	Tribunal, Agra
		81,000	1,21,000	Assessment Year 1996/97	Tribunal, Agra
		7,000	7,000	Assessment Year 2000/01	Jt. Commissioner (Appeals), Mathura
		7,43,350	7,43,350	Assessment Year 1993/94	CTO, Kochi
		55,000	55,000	Assessment Year 1994/95	CTO, Kochi
		4,99,000	4,99,000	Assessment Year 1995/96	CTO, Kochi
		7,14,616	9,08,051	Assessment Year 1996/97	Dy. Commissioner, Mumbai
		50,424	50,424	Assessment Year 1997/98	Dy. Commissioner, Mumbai
		40,044	40,044	Assessment Year 1998/99	Dy. Commissioner, Mumbai
		1,53,810	—	Assessment Year 1999/00	Dy. Commissioner, Mumbai
		2,00,165	4,89,389	Assessment Year 1996/97	Dy. Commissioner, Mumbai
		81,584	81,584	Assessment Year 1997/98	Dy. Commissioner, Mumbai
		1,01,757	1,01,757	Assessment Year 1998/99	Dy. Commissioner, Mumbai
		1,79,368	—	Assessment Year 1999/00	Dy. Commissioner, Mumbai
		13,16,929	13,16,929	Assessment Year 1992/93	CTO, Kochi
		69,38,060	69,38,060	Assessment Year 1993/94	CTO, Kochi
		21,73,724	21,73,724	Assessment Year 1993/94	Appellate Tribunal, Kochi
		5,97,280	—	Assessment Year 2003/04	Asst. Commissioner, Chennai
		24,26,425	24,26,425	Assessment Year 1999/00	Dy. Commissioner of Commercial Tax, Kolkata
		3,78,163	3,78,163	Assessment Year 2001/02	Appellate Tribunal, Kochi
1,25,02,010	—	Assessment Year 2001/02	Dy. Commissioner, West Bengal		
—	67,03,420	Assessment Year 2000/01	Dy. Commissioner of Commercial Tax, Kolkata		
SUB TOTAL		3,59,93,520	3,55,56,496		

**Statement of Disputed Dues as on 31st March, 2005
(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
		2004-05	2003-04		
Excise Duty Act	Excise Duty	—	4,55,316	July '00 to January '03	Addl. Commissioner, Mumbai
		—	2,73,118	February '02 to October '03	Addl. Commissioner, Mumbai
		—	1,89,256	November '02 to Sep. '03	Dy. Commissioner, Mumbai
		91,15,000	91,15,000	October, 2000	High Court, Mathura
		45,20,000	45,20,000	April, 1997	Dy. Commissioner, Mathura
		2,62,30,188	2,62,30,188	July 1997	Appellate Tribunal, Kolkata
		16,30,595	16,30,000	February, 2004	Appellate Tribunal, Kolkata
		—	4,53,44,946	March '95 to July '99	CEGAT
—	3,20,27,373	July '00 to July '03	Commissioner, Mumbai		
SUB TOTAL		4,14,95,783	11,97,85,197		
Income Tax Act	Income Tax	—	57,32,867	Assessment Year 1997/98	Re-assessment before Assessing Authority, Kolkata
		—	57,32,867		
The Bombay Provincial Municipal Corporation's Cess on Entry of Goods Manual	Cess	50,96,915	41,10,415	Assessment Year 1999/00	High Court, Mumbai
		41,70,389	34,46,776	Assessment Year 2000/01	High Court, Mumbai
SUB TOTAL		92,67,304	75,57,191		
GRAND TOTAL		8,67,56,607	16,86,31,751		

PART – II

**Statement of Disputed Dues as on 31st March, 2005
(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
		2004-05	2003-04		
Indian Stamp Act	Stamp Duty	90,92,445	90,92,445	2002/03	High Court, Mumbai

ANNEXURE – B (Note 16.23)
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	203,74,20,989	156,04,68,518	266,74,75,361	216,54,90,147	351,72,57,278	347,58,38,115	105,02,23,012	104,73,83,216	69,99,71,603	99,76,29,577	997,23,48,243	924,68,09,573
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	210,27,03,274	162,53,28,062	267,73,75,283	216,91,42,798	351,92,43,875	348,03,53,159	105,29,05,588	105,11,99,797	70,40,56,023	101,69,47,662	1005,62,84,043	934,29,71,478
Less:												
Inter-Segment Revenue											8,39,35,800	9,61,61,905
Add:												
Other Unallocable Revenue											8,92,46,050	8,16,27,602
TOTAL REVENUE											1006,15,94,293	932,84,37,175
SEGMENT RESULT												
Profit/(Loss) before Interest & Tax	10,48,84,267	5,65,78,873	51,26,70,200	33,15,88,015	11,32,28,201	10,83,40,143	3,72,68,169	7,48,61,461	(2,98,45,276)	(2,37,68,161)	73,82,05,561	54,76,00,331
Less:												
Interest Expense											8,42,91,277	15,32,09,205
Prior Period Adjustments											6,51,976	1,26,57,286
Other Unallocable Expenditure (net of Unallocable Revenue)											20,06,86,015	12,59,37,181
TOTAL PROFIT BEFORE TAX											45,25,76,293	25,57,96,659
OTHER INFORMATION												
Segment Assets	121,35,63,177	108,58,01,954	107,80,35,576	107,46,75,698	51,03,19,010	42,88,67,952	84,85,32,943	79,11,62,807	74,77,73,217	85,26,28,030	439,82,23,923	423,31,36,441
Other Unallocable Assets											94,12,19,272	104,70,20,903
Total Assets											533,94,43,195	528,01,57,344
Segment Liabilities	42,03,10,160	40,02,47,615	86,73,58,297	66,51,54,271	21,58,95,298	17,22,89,455	22,75,04,000	19,55,50,062	18,11,57,953	25,70,73,686	191,22,25,708	169,03,15,089
Other Unallocable Liabilities											35,38,21,701	23,04,44,583
Total Liabilities											226,60,47,409	192,07,59,672
Capital Expenditure	1,44,68,763	3,10,55,537	2,31,66,617	1,83,92,029	17,33,278	44,65,779	44,25,812	62,13,473	97,21,744	53,21,920	5,35,16,214	6,54,48,738
Depreciation	4,12,16,451	3,37,73,594	3,01,20,725	2,83,28,669	36,66,332	27,17,890	1,91,98,575	1,78,43,899	3,01,13,141	3,05,75,235	12,43,15,224	11,32,39,287
Amortisation of Deferred Revenue Expenditure	2,33,48,160	2,20,19,031	95,77,750	99,48,068	32,55,170	33,68,568	1,28,01,851	1,36,51,185	5,23,29,815	5,51,08,218	10,13,12,746	10,40,95,070

Notes :

- Details of products/services included in each of the above Business Segments are given below :
 - Industrial Packaging – Barrels & Drums
 - Logistics Services – Logistics Management & Container Freight Station Activities
 - Travel & Tours – Travel (Ticketing), Tours & Money Changing Activities
 - Greases & Lubricants – Greases & Lubricating Oils
 - Others – Project Engineering & Consultancy, 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.