

CHAIRMAN'S ADDRESS



Dear Esteemed Members,

I welcome you all at the 106th Annual General Meeting of your Company being held through VC / OAVM. On behalf of the Board of Directors of Balmer Lawrie, I thank you all for your trust and support as we continue to work through the challenges before us.

The Business Environment

The Indian economy appears to have moved forward after its encounter with the pandemic, staging a full recovery in Financial Year 2023 ahead of many nations and positioning itself to ascend to the pre-pandemic growth path in Financial Year 2023. The Indian economy in Financial Year 2023 has nearly “recouped” what was lost, “renewed” what had paused, and “re-energised” what had slowed during the pandemic.

With the containment of COVID-19 infections and the lifting of travel restrictions worldwide, the current Financial Year has shown a rebound, with both passenger and cargo movements being close to the pre-COVID-19 levels. The civil aviation sector in India has great potential owing to growing demand from the middle class, growth in population and tourism, higher disposable incomes, favourable demographics and greater penetration of aviation infrastructure. This is further supported by the Government through schemes such as UDAN, which has considerably enhanced regional connectivity through the opening of airports in India's

hinterland. The UDAN scheme focuses on the connectivity between the Tier-2 and Tier-3 cities in the country. Further, the Government has also accorded ‘in-principle’ approval for the setting up of 21 greenfield airports across the country.

In logistics industry the thrust is to facilitate the last mile connectivity and also reduce travel time for people, further reducing the logistics cost and promoting export competitiveness. PM Gati Shakti and National Logistics Policy (NLP) has sectoral complementarity of logistics facilitation. The NLP was launched in September 2022. This has also helped the country move from unimodal to multimodal transportation. The multimodal connectivity will provide integrated and seamless connectivity for movement of people and goods from one mode of transport to another.

At Balmer Lawrie, we believe strongly that there is no short cut to success. Business success can be achieved only through hard work and giving preference to customer satisfaction. As a result, the Company has continued to grow. With this background, let me move on to the performance of your Company during the Financial Year 2022-23.

INDUSTRIAL PACKAGING [IP]

Being a market leader in the 210 L mild steel drum industry, Balmer Lawrie enjoys a significant position with a handsome market share in most of the customer segments, be it fruits, chemicals, lubricants, transformer oils or additives. With

state-of-the-art manufacturing facilities and highly skilled technocrats, this Strategic Business Unit (SBU) manufactures all types of steel drums like conical, composite, open top, tight head, galvanized, tall, plain, lacquered and necked in.

Balmer Lawrie has six manufacturing facilities pan India to cater to the needs of all the customers. The kind of steel being used with specialized lacquers and customer specific paints enables Balmer Lawrie to manufacture superior quality products with high reliability in supplies in the modern manufacturing plants. It enjoys high brand value and a large and delighted customer base in India as well as in overseas export markets.

SBU-IP has been continuously focusing on quality upgradation, technological innovations, health, safety and environmental parameters, and most importantly on sustainability which helps in having an edge over competition.

The SBU expects to continue its growth trajectory in 2023-24. The SBU also plans to expand aggressively in the Exports segment.

GREASES & LUBRICANTS [G&L]

Balmer Lawrie was the first grease manufacturer in India when it opened plants in Sewree (Mumbai) in 1934 and in Kolkata in 1937. Balmer Lawrie's "Balmerol" greases are the leaders in the field with over 80 years of manufacturing experience. With the current R&D facilities clubbed with our infrastructure, the SBU has a very good opportunity to increase its market share and continue to strengthen "Balmerol" as a trusted brand that stands for its quality and reliability. The overall growth of the SBU in volumes vis-à-vis last Financial Year is about 3%.

SBU-G&L has a strong presence in industrial segment and is coming up with new products to cater to the diverse demand of the industrial market. In the grease segment, we are among the top three companies in the steel and jute sector. The SBU is also a preferred supplier of greases for some of the big automobile companies of India.

In automotive segment SBU-G&L is doing good business across India. With our depots in place, the focus of the SBU is appointing new distributors to increase our reach and penetrate nationally.

The SBU is focussing on further improving the processes to increase output efficiency. Many measures are being taken by doing reverse engineering for better output.

In the Contract Manufacturing segment, the SBU has taken a lot of initiatives to tap the potential and increase volumes. Efforts are being made to revive the segment as it helps to improve capacity utilization.

CHEMICALS

Leather processing consists of three stages. Beam house, Wet end and Finishing. SBU-Chemicals with its strong presence in Wet end particularly in synthetic Fatliquors, has started catering in the other two stages to its customers.

There is huge scope in the leather chemicals market and thus, SBU-Chemicals has its plan to tap the market with both existing and new products. With a complete product basket in hand, SBU-Chemicals is focusing on the Southern Region where market potential is higher and registered a sales growth of 24% over last year in this region.

SBU-Chemicals participated in Manufacturing Excellence Audit conducted by International Research Institute of Manufacturing and was awarded Gold for two years consecutively.

SBU-Chemicals is also focusing on synergy businesses like Textile Chemicals and Agro Chemicals. Some of the products are launched and this will enhance the business performance of SBU-Chemicals.

SBU-Chemicals has enough opportunities to grow in other segments like Finishing, Chrome tanning and Beam house. The SBU has introduced new chemicals in Beam house segments like Wetting agents. The SBU also launched a new range of Finishing chemicals with a modern manufacturing facility.

SBU-Chemicals has been able to reach 97% of previous year's volume and has clocked 11% higher turnover by capturing the market of Imported Fatliquors. The SBU is able to realize better price compared to previous years.

LOGISTICS INFRASTRUCTURE (LI)

Presently, the Company has three state-of-the-art Container Freight Stations (CFS) located at Nhava Sheva-Mumbai, Chennai and Kolkata.

The Company's Warehousing and Distribution facilities are presently fully operational at Kolkata and Coimbatore. CFS - Kolkata added 43000 sq. ft area of warehouse in addition to the existing 37000 sq. ft, CFS - Chennai added 5000 sq. ft of bonded warehouse for handling Hazardous Cargo and added 20000 sq. ft warehouse space during Financial Year 2022-23 to increase focus on Warehousing activities.

SBU-LI won "Best Warehouse of the Year" and "Logistics Visionary Team of the Year" under the Warehouse & Logistics Leadership Category as part of Warehouse & Supply Chain Leadership Awards 2022. CFS - Mumbai and CFS - Chennai under LI received awards in the category of "Managing Risk and Risk Assessment at Work" and "Best Health and Well Being Programme" in the 6th Annual Health, Safety, Environment, Strategy Summit Awards 2023 conducted by Inventicon Business Intelligence Pvt. Ltd.

SBU-LI of Balmer Lawrie is able to bring together a unique set of value proposition for its customers. The SBU is able to offer a basket of solutions: Container Freight Stations, Ambient Warehouses and a Multimodal Logistics Hub (through Vishakhapatnam Port Logistics Park Limited). The comprehensive services offered across pan-India locations make SBU-LI a partner of choice to Importers, Exporters, Shipping Lines, CHAs, Freight Forwarders and the trade. So, while there is a wide variety of hurdles for the industry and SBU-LI, it is expected that a combination of diversified service range, pan-India presence, technology-led customer service, knowledgeable resources will ensure that the SBU is able to grow in the face of significant crisis that was inflicted to the economy by the pandemic.

LOGISTICS SERVICES (LS)

The Indian logistics industry is growing due to the flourishing E-commerce market and technological advancement. The industry has progressed from a transportation and storage-focused activity to a specialised function that now encompasses end-to-end product planning and management, value-added services for last-mile delivery, predictive planning, and analytics, among other things.

One thing the global pandemic showed us was just how much could be ordered online. What once was used for impulse purchases or last

minute purchases was suddenly relied upon for everything – the weekly shop, clothing, essential work items, all ordered online and all expected in a very short delivery window. This caused a huge spike in demand.

SBU-LS, for the second consecutive year achieved all-time record turnover. The growth was driven by incremental business in mainly Air Import, Ocean Import, Ocean Export and Express service.

SBU-LS was able to retain its major GOI and CPSU customers and was also able to sign some of the new activities from those contracted customers. SBU-LS has a well-defined plan and ambition to continue increasing its private sector business with a view to improve topline as the new sales team gains traction on a pan India basis.

Major focus has been emphasized to enhance 'Customer Delight' by providing one stop logistics solution aligning Logistics Services along with Infrastructure and 3PL services. SBU-LS has plans to enter the 3PL business and is exploring options to diversify in other areas of logistics to become an Integrated Logistics solutions provider.

Technology being the backbone of customer satisfaction, SBU-LS is in the process of implementing new initiatives like online customer survey feedback and customized IT solutions for faster, dedicated, and focused time bound service and delivery.

COLD CHAIN SERVICES (CC)

India being an agro-based nation, one of the major challenges faced is huge losses of agricultural produce due to improper storage and not adhering to right temperature and proper infrastructure along with transportation at optimum temperature. This is where the Cold Chain Industry plays a vital role. The Government of India has come up with various initiatives in providing aids, schemes, concession on various duties and income tax benefits to the Cold Chain industry. Due to all these recent developments, there has been a huge demand of organized cold chain industry offering state-of-the-art Temperature Controlled Warehouses (TCWs) along with value added services like pre-cooling,

pre-conditioning, ripening, packaging, blast freezing etc. and primary and secondary logistics by Temperature Controlled Vehicles (TCV).

The cold chain market is expected to grow at nearly 17% per annum on a sustained basis over the next 4 years. The major products include fruits and vegetables, meat and fish, dairy products, and healthcare products. SBU-CC has four cold chain units operating at Hyderabad, Rai (Haryana), Patalaganga (Maharashtra) and Bhubaneswar (Odisha). To manage the end-to-end supply chain of the Cold Chain operations, the SBU is also operating with 18 numbers of 4 MT capacity of reefer vehicles on pan India basis.

Storage business (TCW) had increased 32% in the sales YOY and transportation segment (TCV) has shown a nominal decrease in revenue, which is mainly due to lower volume in the COVID-19 vaccine distribution business. However, the SBU has been able to rope in new customers from other segments to increase utilization of vehicles vis-à-vis an improvement in revenues which is expected to improve the revenue generation moving forward.

With the improvement in the asset utilization and the revenue, SBU-CC is expecting to increase its footprints across India by setting up of Mini Cold Storage facilities which will be executed at lower capex infusion and implementation lead time.

TRAVEL

Over the past ten years, the aviation industry in India has experienced substantial expansion and change. With more people preferring to travel by air than ever before, India has grown to become the third-largest domestic market in the world, only behind the United States and China. In Financial Year 2021–2022, the COVID-19 pandemic significantly affected the civil aviation sector and imposed a financial burden on airlines, airports, and related services. However, domestic aviation traffic increased again as of Financial Year 2022–23 and is predicted to reach 97% of pre-COVID levels.

The SBU has a lot of scope to grow because a company like Balmer Lawrie is typically seen of as one that serves in-person needs through travel desks and implants. The SBU has worked hard to improve our online presence by creating a

new B2C website that places strong emphasis on vacations and other services on a single platform. To meet a variety of customer needs, domestic and international ticketing, hotel booking and ancillary services have been combined with an excellent search function.

The SBU has already developed a special website for employees of the Government of India to use for their official travel, and it wants to give major corporations a booking website tailored specifically to their needs. Together with our counter personnel, our digital offering establishes a local presence through partnerships, enabling us to provide consumers with a hybrid brick-and-click solution. The Travel Industry is highly dependent on technology and with the increasing use of AI and Machine learning platforms, it is necessary for us to adapt to these technologies as soon as possible to keep our services at par with the market standards.

VACATIONS

The start of the year has again shown tourism's unique ability to bounce back. In many places, we are close to or even above pre-pandemic levels of arrivals. Tourism has continued to show its resilience. India's tourism sector is showing signs of revival following the easing of COVID-19 restrictions and the waning of the pandemic. It also noted that foreign tourist arrivals in India in Financial Year 2023 have been growing month-on-month with the resumption of scheduled international flights.

India has seen an upsurge in medical tourism due to the various Government initiatives like Ayush visa for medical tourists, the launch of the National Strategy for Sustainable Tourism and Responsible Traveller Campaign, the introduction of the Swadeshi Darshan 2.0 scheme and Heal in India.

The Government initiatives like E-Visa, Swadesh Dekho etc. along with the G20 presidency have resulted in the rise of MICE activities and inbound travellers. The G20 presidency has provided a strong platform for India to promote its agenda of developing sustainable / green tourism practices.

With the change in tourism landscape, "Bleisure travel" is one of the concepts that is gaining popularity which has evolved as a radical concept among the business travellers combining

business and leisure travel. India now ranks 2nd in the world in terms of Bleisure travel.

The Financial Year 2022-23 is a source of great pride for the Vacations vertical, which achieved its highest-ever gross topline of INR 129.91 crore along with bottom line of INR 77.13 Lakh. The efforts made to recoup the losses incurred over the past two years and return to profitability are notable. The aggregate business increased by more than 2.03 times compared to the previous fiscal year.

REFINERY & OIL FIELD SERVICES [ROFS]

The SBU: Refinery & Oil Field Services is rendering service to all the refineries in India by recovering hydrocarbon from crude oil storage tanks and lagoons. It handles mechanized oily sludge processing where the sludge is being processed to recover oil and hydrocarbons.

However, the market share has decreased significantly in recent years. The main threats visualized by SBU-ROFS relate to subdued market demand and the entry of new players in the niche market. Preference of MSME vendors also poses a significant challenge to the SBU with respect to booking of new orders.

The demand for sludge processing services is expected to be stagnant in the near term. SBU-ROFS aims to differentiate its offerings in the sludge processing space through technological upgradation and incorporation of new technologies for reducing processing times and manual intervention in sludge processing.

With a highly technical team with sound experience and maintaining stringent safety norms, this SBU is catering to all oil companies. SBU-ROFS continues to have the highest market share in the oily sludge processing segment in India. SBU-ROFS intends to leverage its experience in project execution and wide base of satisfied clientele to foray into allied service areas by diversifying its service offerings. SBU-ROFS is working towards mitigation of the risks through upgradation of technology, as well as expansion and diversification of service offerings and client base.

OVERALL FINANCIAL PERFORMANCE

The Company recorded net turnover of Rs.2,38,309.16 Lakh during Financial Year 2022-23 as against Rs. 2,10,484.97 Lakh in the Financial Year 2021-22 which is an increase of 13.22% over last year. Further the Company recorded a Profit Before Tax of Rs.21,130.23 Lakh in the Financial Year 2022-23 as against Rs.17,014.45 Lakh in the Financial Year 2021-22. The increase is being attributable to the easing out effect of COVID-19 pandemic on the performance of SBU - Travel and Vacations which was severely affected in previous two financial years due to the same. The Reserve and Surplus of your Company increased to Rs.1,18,524.12 Lakh as on 31st March 2023 as compared to Rs.1,14,885.52 Lakh as on 31st March 2022.

CORPORATE GOVERNANCE

Corporate Governance essentially involves balancing the interests of your Company's various stakeholders, such as shareholders, management, customers, suppliers, financiers, the Government and the community. Your Company's culture, policies, relationship with stakeholders and loyalty to values is reflected in the Corporate Governance Report. Following are the five pillars of Governance that the Company conforms to as a part of its commitment to adopt global best practices:

- High accountability to its stakeholders
- Absolute transparency in its reporting system and adherence to disclosure compliance
- High ethical standards in the conduct of business with due compliance of laws and regulations
- Enhancement in the stakeholders' value on consistent basis
- Contributing to the enrichment of quality of life of the community through discharge of Corporate Social Responsibility and promotion of Sustainable Development

The Companies Act, 2013 is being amended almost regularly. Similarly Listing Regulations, are also amended frequently. Your Company is

making best efforts to adapt and comply with the changing statutes and continues to comply with the Corporate Governance guidelines / norms to the extent within its control.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

At Balmer Lawrie Corporate Social Responsibility (CSR) is the ongoing commitment of businesses to integrate social and environmental concerns into their operations. Over the past few decades, the Company has consistently undertaken various CSR initiatives, driving sustainable development and growth for its stakeholders. Following are the main objectives of CSR activities undertaken by Balmer Lawrie:

- Improve the health and nutrition status of communities, particularly vulnerable groups such as women, children and elderly by improving health infrastructure and facilitating service provision.
- Focus on quality of education and encourage children from marginalized sections and girls to complete school education and opt for higher education.
- To focus on livelihoods and skill development in order to provide opportunities to women and youth and make them self-reliant.
- Initiate holistic development programs for differently abled children and orphans with a view to provide them opportunities to lead a meaningful life.
- To support the national efforts in rehabilitation and relief post unfortunate natural disasters.

The Company has successfully delivered on its CSR commitments and continues to make progress for the betterment of communities. During the Financial Year 2022-23 a total sum of Rs. 377.74 Lakh was spent towards various CSR activities by the Company against the total CSR obligation of Rs. 360.46 Lakh.

ACKNOWLEDGEMENT

I once again thank all of you for your presence here today. On behalf of the Board of Directors, I would like to convey to you our sincere gratitude.

I acknowledge the continued support and guidance of our Administrative Ministry, the Ministry of Petroleum & Natural Gas, Government of India for the guidance and encouragement provided to your Company. I also wish to thank other Ministries of the Government of India and other Governmental authorities for their co-operation.

I would also like to thank our holding company, Balmer Lawrie Investments Ltd., our valued shareholders, customers, vendors, business associates, bankers, financial institutions and other stakeholders for their continued support and co-operation.

Finally, I must convey my gratitude to my colleagues on the Board for their wise counsel and valued involvement. I look forward to your continued support and co-operation.

Thanking you,

Adika Ratna Sekhar
Chairman & Managing Director