Balrampur Chini Mills Limited
Annual Report, 2011-12

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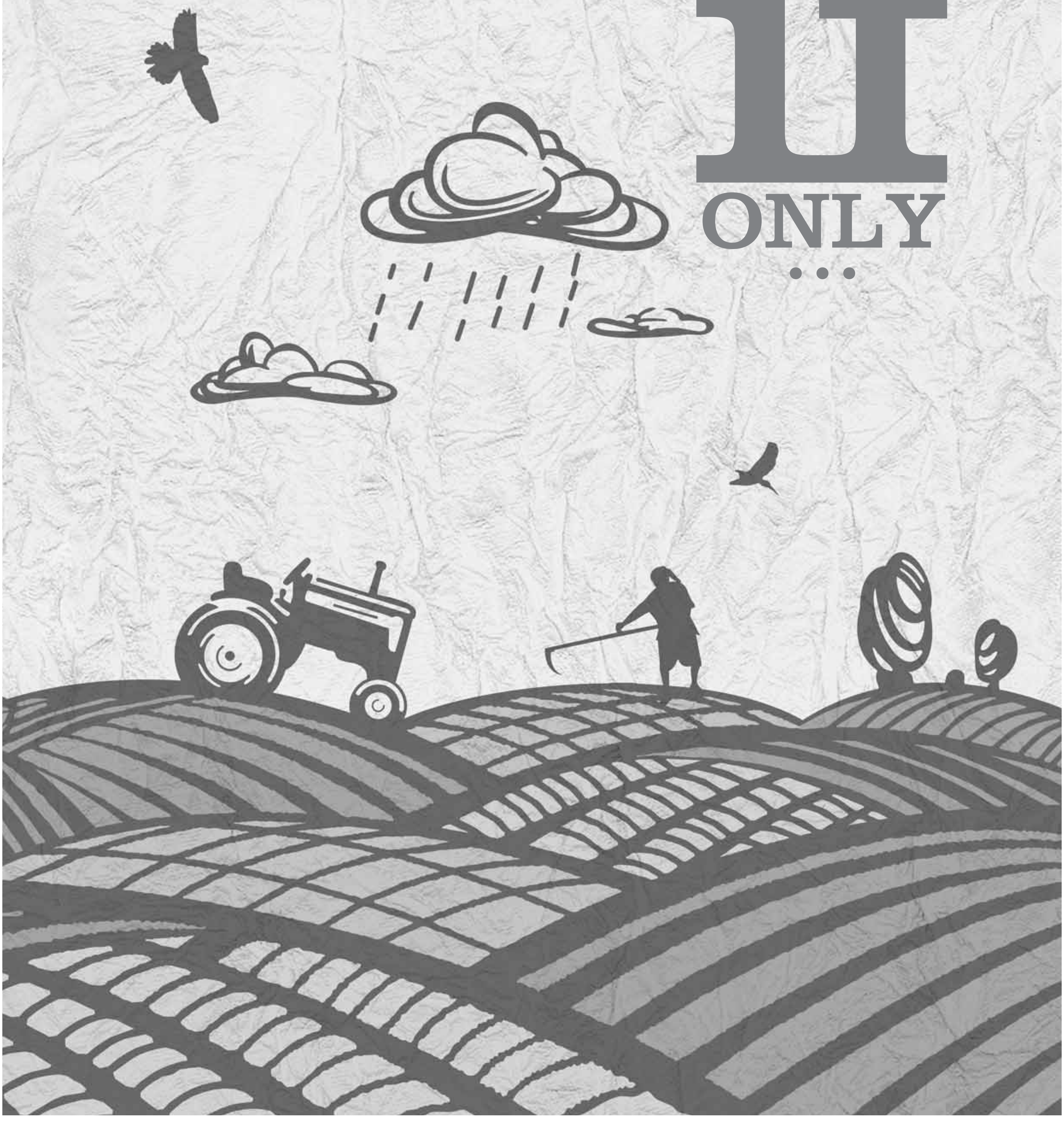


Forward-looking statement

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

Contents

Balrampur Chini Mills Limited

"FMC Fortuna", 2nd Floor, 234/3A, A.J.C. Bose Road, Kolkata – 700 020

Notice

Notice is hereby given that the 36th Annual General Meeting of the members of **Balrampur Chini Mills Limited** will be held on Tuesday, the 7th August, 2012 at 10.00 A.M. at 'Kalakunj', 48, Shakespeare Sarani, Kolkata - 700017 to transact the following business:-

1. To receive, consider and adopt the audited Accounts of the Company for the year ended 31st March, 2012 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Naresh Chandra who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Shri R. Vasudevan who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   "Resolved that Shri R. N. Das be and is hereby appointed as a Director of the Company pursuant to Section 257 of the Companies Act, 1956."

6. To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

   "In supersession of the resolution passed by the shareholders at the 34th Annual General Meeting held on 29th January, 2010 and pursuant to the provision of sections 198, 309 and 310 of the Companies Act, 1956 and Article 76 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the payment to its Non-Executive Directors commission up to 1% of the net profit of the Company in any financial year to be computed in accordance with the provisions of the Companies Act, 1956 or ₹25 lacs in aggregate, whichever is lower, over and above the usual sitting fees for a period of 3 years commencing from 1st April, 2012 and that the said commission be divided among the Directors in such proportion and in such manner as may be determined by the Board."

By order of the Board

Place: Kolkata

Date: 28th May, 2012

S. K. Agrawala

Company *Secretary*

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy form, in order to be effective, must be duly completed, stamped and lodged with the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 31st July, 2012 to 7th August, 2012 (both days inclusive).
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed thereto.
4. Members who hold shares in dematerialised form are requested to bring their Demat Statement mentioning therein the Client ID and DP ID numbers for easy identification of attendance at the meeting.
5. Corporate members are requested to send a duly certified copy of the Board Resolution, pursuant to section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the AGM.
6. Shareholders holding shares in physical form are requested to advise the company and the members holding shares in dematerialized form are requested to advise their Depository Participants immediately about any change in their address.
7. Shareholders of the Company are informed that pursuant to the provisions of the Companies Act, 1956 the amount of dividend which remains unclaimed/unpaid for a period of 7 years would be transferred to the Investor Education and Protection Fund constituted by the Central Government and the shareholders would not be able to claim any amount of the dividend so transferred to the Fund. The Company had sent reminders to the Members in this regard. As such, shareholders who have not encashed their dividend warrants are requested in their own interest to write to the company immediately for claiming outstanding dividends declared by the Company for the financial years 2004-05 to 2009-11 (Except 2006-07 where no dividend declared).
8. The Company has sub-divided the equity shares of ₹10 each into 10 equity shares of ₹1 each with effect from 31st March, 2005. Shareholders who are holding shares in physical form must surrender their ₹10/- share certificate immediately to the Company so that the Company can despatch the new share certificate of ₹1 each.
9. For Shareholders of erstwhile Babhnan Sugar Mills Limited (BSML) and Tulsipur Sugar Company Limited (TSCL): Pursuant to the merger scheme, two companies viz, BSML and TSCL were merged with the Company in the year 1994 and 1999 respectively. As per the terms of the respective merger schemes, the then shareholders of BSML and TSCL were allotted Equity Shares of the company in the ratio of 2:5 and 1:7 respectively. Hence, those shareholders who have not yet surrendered the Share Certificates of erstwhile BSML and TSCL are reminded to do so directly to the Company to enable despatch of new sub-divided share certificates.
10. The Company has allotted shares to the shareholders of Indo Gulf Industries Ltd (IGIL) in the ratio of 1 equity share of ₹1 each of the Company for every 100 equity shares of ₹1 each (post restructuring) held in IGIL as on Record Date 24th August, 2010 vide Hon'ble BIFR Order dated 24th June, 2010. If any shareholders of IGIL has not yet received the share certificate of the Company so allotted are requested to write to the Company for non-receipt of such share certificate.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5 :

Shri R.N. Das was appointed as an additional Director (independent) of the Company with effect from 23rd July, 2011. Pursuant to Section 260 of the Companies Act, 1956, Shri Das will hold office as director only upto the date of forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member of the Company signifying his intention to propose Shri Das for appointment as a Director at the forthcoming Annual General Meeting.

The Board considers that the Company would be benefited by his rich experience and guidance. The Board of Directors, therefore, recommends the resolution for approval of the members.

None of the directors except Shri R. N. Das is concerned or interested in the proposed resolution.

Profile of Shri R. N. Das

Date of birth	25th December, 1946
Qualifications	M.A. in Political Science, M.P.A. degree from Harvard University, USA, Member – Indian Administrative Services (IAS) (Retd.).
Expertise in specific functional areas	He joined the Indian Administrative Service in 1971 and served many distinguished posts in Government of India and Government of Gujarat, including : • Chief Information Commissioner, Gujarat Information Commission • Secretary, Department of Food & Public Distribution, Government of India • Enforcement Director (ED), New Delhi • Charge of AS & FA (Defence Acquisition), Ministry of Defence • Joint Secretary, Department of Food & Public Distribution • Managing Director of Gujarat Alkalies & Chemicals Ltd • Chairman, Gujarat Electricity Board • Managing Director of Central Warehousing Corporation. Other positions were held by him include • Development Commissioner – Gujarat • Secretary and Commissioner - Rural Development, Gujarat • Additional Chief Secretary - Food and Civil Supplies, Government of Gujarat • Municipal Commissioner – Baroda • Dy. Secretary (Drug Pricing), Dept. of Chemicals, Govt. of India.
Directorship in other Companies	Nil
Membership in other Board Committees	Nil
Shareholding as on 31.03.2012	Nil

Item No. 6 :

The Company at the 34th Annual General Meeting held on 29th January, 2010 had approved the payment of commission to the Non-Executive Directors of the Company upto 1% of the net profits of the Company in aggregate in any financial year or ₹25 lakhs, whichever is lower, over and above the usual sitting fees for a period of 3 years commencing from 1st October, 2009. The Non-Executive Directors of the Company contribute significantly to the growth of the organization by bringing with them professional expertise, rich and wide experience.

Due to change in the accounting year of the company from October-September to April-March it is proposed to pay commission to the Non-Executive Directors of the Company upto 1% of the net profits of the Company in aggregate in any financial year or ₹25 lakhs, whichever is lower, over and above the usual sitting fees for a further period of 3 years commencing from 1st April, 2012. The said commission shall be divided among the Non-Executive Directors in such proportion and in such manner as may be determined by the Board. The payment is subject to approval of the shareholders by way of special resolution.

Shri Naresh Chandra, Shri R.K. Choudhury, Shri R. Vasudevan and Shri R. N. Das all being the Non-Executive Directors of the Company, may be deemed to be concerned or interested in this resolution.

The Board of Directors recommends passing of the resolution as set out at Item No. 6 of the Notice.

Profiles of Directors seeking re-appointment pursuant to Clause 49 of the Listing Agreement

Profile of Shri Naresh Chandra (Item No.2)

Date of birth	1st August, 1934
Qualifications	Post-Graduate in Mathematics and alumnus of the prestigious Allahabad University, Member – Indian Administrative Services (IAS) (Retd.).

Profile of Shri Naresh Chandra (Item No.2)

Expertise in specific functional areas	He joined the Indian Administrative Service in May 1956 and had served on many distinguished panels and committees, including : • Chairman of the Committee on Civil Aviation Policy set up by the Government of India in 2003 • Chairman of the Naresh Chandra Committee on Corporate Audit and Governance appointed by the Government of India in 2002 • Ambassador of India to the U.S.A. in April, 1996 • Governor of the state of Gujarat (1995-96) • Senior advisor to the Prime Minister of India (1992-95) • Cabinet Secretary (1990-92), Home Secretary (1990), Defence Secretary (1989), Secretary, Water Resources (1987-89), Joint Secretary, Ministry of Industry (1977-81) • Advisor to the Governor of Jammu & Kashmir during President Rule in 1986 • Chief Secretary to the Government of Rajasthan • Commonwealth Secretariat Advisor on Export Development and Policy with Government of Sri Lanka (1981-84) • Member of the India-US Sub-Commission on Economic Affairs and Commerce and Co-Chairman of India-US Working Group on Technology Transfer (1979-81)
Directorship in other Companies	• Hindustan Motors Ltd • Electrosteel Castings Ltd • Bajaj Auto Ltd • Bajaj Finserv Ltd • Bajaj Holdings & Investments Ltd • ACC Ltd • Ambuja Cements Ltd • Cairn India Ltd • Gammon Infrastructure Projects Ltd • EROS International Media Ltd • AVTEC Ltd • G4S Corporate Services (India) Pvt. Ltd • Emergent Ventures India Pvt. Ltd • Vedanta Resources Plc • EROS International Plc and • Cairn Energy Asia Pty Ltd.
Membership in other Board Committees	• Chairman, Audit Committee of Hindustan Motors Ltd • Member, Audit Committee of Electrosteel Castings Ltd • Member, Shareholders'/Investors' Committee and Member, Audit Committee of Bajaj Auto Ltd • Member, Audit Committee of Bajaj Finserv Ltd • Member, Audit Committee of Bajaj Holdings & Investments Ltd • Member, Audit Committee of ACC Ltd • Member, Audit Committee of Cairn India Ltd • Member, Audit Committee of Gammon Infrastructure Projects Ltd • Member, Audit Committee of EROS International Media Ltd.
Shareholding as on 31.03.2012	Nil

Profile of Shri R. Vasudevan (Item No.3)

Date of birth	14th June, 1937
Qualifications	B.A. (Hons.), M.A., M.P.A. (Development Economics) from Harvard University, USA, Member – Indian Administrative Services (IAS) (Retd.).
Expertise in specific functional areas	He joined the Indian Administrative Service in 1959 and had served on many distinguished panels and committees, including : • Secretary in the Department of Cane Development and Sugar Industry (Govt. of U.P.) • Dy. Secretary, Ministry of Home Affairs • Chief of Division, Planning Commission • Director in Ministry of Energy • Jt. Secretary & Financial Advisor, Ministry of Petroleum • Jt. Secretary, Addl. Secretary & Special Secretary to the Prime Minister of India • Secretary, Small Scale Industries • Secretary, Ministry of Steel • Secretary, Ministry of Power (Govt. of India). Since 1996 he has been undertaking consultancy in the areas of infrastructure, industry and finance.
Directorship in other Companies	• Haldia Petrochemicals Ltd • Hindustan Oil Exploration Co. Ltd • Purearth Infrastructure Ltd and • Cosmo Films Ltd.
Membership in other Board Committees	• Member, Compensation Committee of Haldia Petrochemicals Ltd • Member, Audit Committee, Chairman, Shareholders/ Investors Grievance Committee and Chairman, Remuneration Committee of Hindustan Oil Exploration Co. Ltd • Member, Audit Committee of Purearth Infrastructure Ltd and • Member, Audit Committee & Shareholder & Investor Grievance Committee of Cosmo Films Ltd.
Shareholding as on 31.03.2012	Nil

**DIFFERENT YEAR.
SAME STORY.**

A SECTOR THAT CAN FEED THE WORLD. FIGHT POVERTY. ENERGISE RURAL INDIA. PREVENT RURAL MIGRATION. CREATE A CLEANER ENVIRONMENT. STRENGTHEN GRASSROOTS. PROTECT BANK LOANS.

THE SAME SECTOR EXPLOITED. DROWNED IN ARREARS. AFFECTING FARMERS. THREATENING BANK LOANS. ERODING SHAREHOLDER VALUE.

ONLY ONE REASON. GOVERNMENT INACTION.

IF ONLY...

WHAT IS THIS ANNUAL REPORT ABOUT?

NOT AS MUCH ABOUT WHAT WE DID LAST YEAR.*

AS MUCH ABOUT WHAT THE GOVERNMENT NEEDS TO DO TO REVIVE THE PROSPECTS OF INDIA'S ₹80,000 CR SUGAR INDUSTRY FOR THE NEXT MANY YEARS.

* Balrampur Chini Mills reported a profit of ₹6.62 cr on revenues of ₹2,337.28 cr in 2011-12. Nothing much to write more about. For reasons, read this report in detail

BALRAMPUR CHINI MILLS IS ONE OF THE LARGEST INTEGRATED SUGAR MANUFACTURING COMPANIES IN INDIA WITH A CUMULATIVE CRUSHING CAPACITY OF 76,500 TCD.

Pedigree

- One of India's largest integrated sugar manufacturing companies
- Headed by Shri Vivek Saraogi (Managing Director) and a team of experienced professionals

Presence

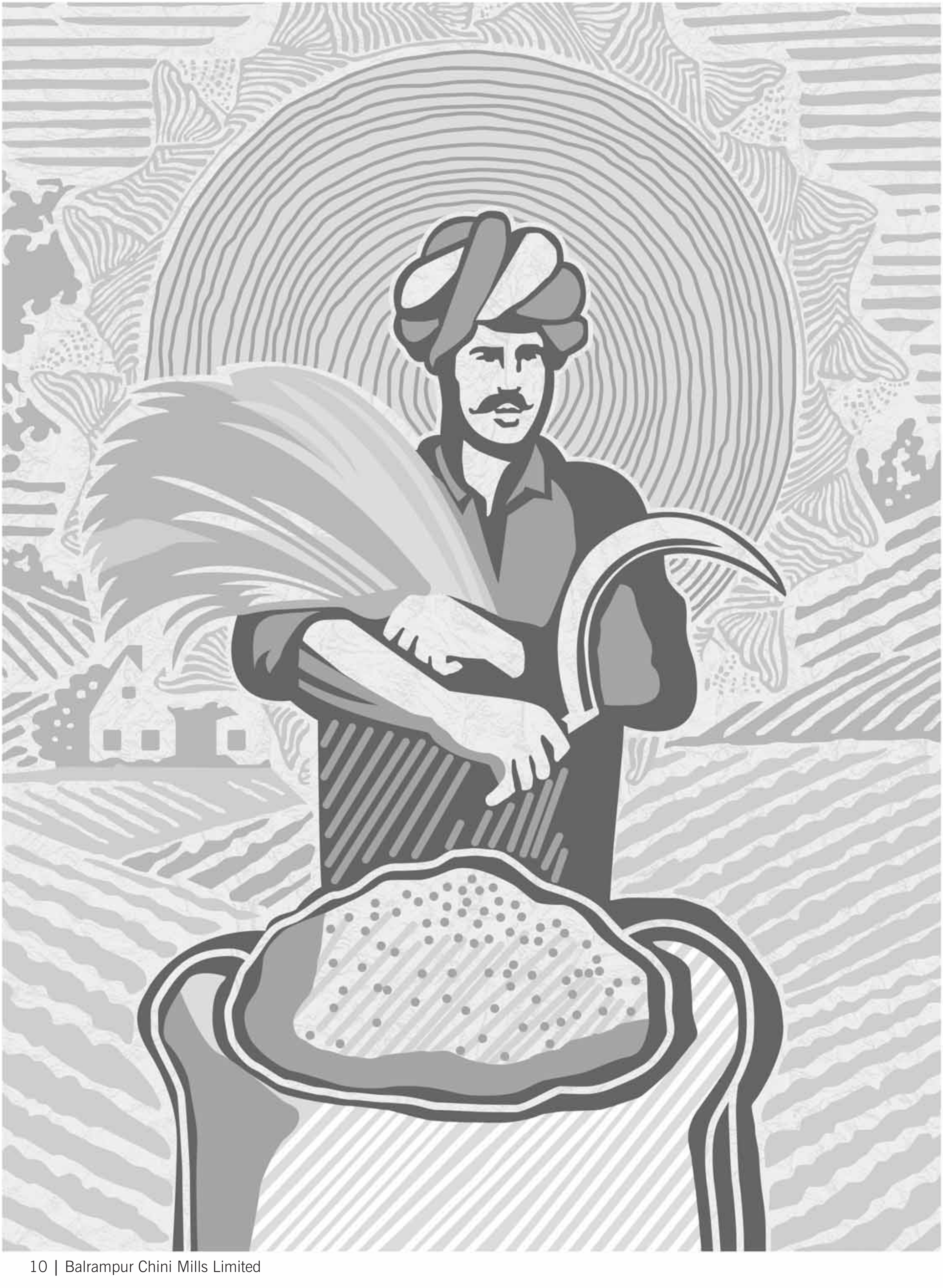
- Headquartered in Kolkata (West Bengal, India)
- Manufacturing units are located at 10 locations (Balrampur, Babhnan, Tulsipur, Haidergarh, Akbarpur, Rauzagaon, Mankapur, Kumbhi, Gularia, Maizapur) in Uttar Pradesh (India)
- Sugar manufacturing capacity of 76,500 TCD, distillery capacity of 320 KLPD, organic manure production capacity of 58,000 MT and saleable co-generation capacity of 125.50 MW
- Shares listed on the Bombay Stock Exchange (BSE), the National Stock Exchange (NSE) and the Calcutta Stock Exchange (CSE)

Products

- Sugar
- Ethanol
- Molasses
- Bagasse
- Industrial alcohol
- Organic manure
- Power

Capacities

Unit	Sugar (TCD)	Distillery (KLPD)	Co-generation Installed (MW)	Co-generation Saleable (MW)	Organic Manure (Tons)
Balrampur	12,000	160	43.55	22.25	30,000
Babhnan	10,000	60	12.25	3.00	18,000
Tulsipur	7,000	–	9.50	–	–
Haidergarh	5,000	–	20.25	20.25	–
Rauzagaon	8,000	–	30.75	16.00	–
Akbarpur	7,500	–	18.00	11.00	–
Mankapur	8,000	100	37.00	22.00	10,000
Gularia	8,000	–	31.30	20.00	–
Kumbhi	8,000	–	20.00	11.00	–
Maizapur	3,000	–	6.00	–	–
Total	**76,500**	**320**	**228.60**	**125.50**	**58,000**



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DOING AWAY WITH ‘LEVY SUGAR’

Concerns

In India’s sugar industry, a certain proportion – presently 10% – of the production (levy sugar) of a sugar company needs to be sold to the government for onward sale to the country’s underprivileged.

The country’s sugar industry has been singled out for this unusual preference. There is probably no instance of any agro-industry in India that needs to part with a portion of its output to the government at a subsidised price. The government procures a production of what sugar manufacturers produce at a price significantly lower than what sugar sells at in the country’s freesale market, completely independent of whether sugar companies are viable and completely unlinked to the raw material costs.

In a challenging 2011-12, the cumulative proceeds from this levy sale was estimated at ₹5,000 cr and 40% below the corresponding production cost. The result: India’s sugar industry provided 2.6 million MT of sugar to the government with an inbuilt annual ‘loss’ of ₹2,000 cr.

Quite like starting the race from a few hundred metres behind the starting line…

Findings

The government appointed a number of committees (Mahajan Committee, Thorat Committee, Tuteja Committee), ministries and CACP to suggest how this inequity could be corrected.

The expert committees reported the following findings:

- That this system of partial control translated into a higher free sale market price (as mills needed to compensate for the loss in supplying levy sugar below production cost)
- This encouraged cane growers to sell their produce to khandsari units during periods of low cane production
- This system eventually exploited farmers who anyway bore the impact of poor industry bottomlines
- This system resulted in an additional government subsidy of around ₹1,500-2,000 crore (miniscule compared with ₹1,00,000 crore of food subsidy incurred in 2011-12)

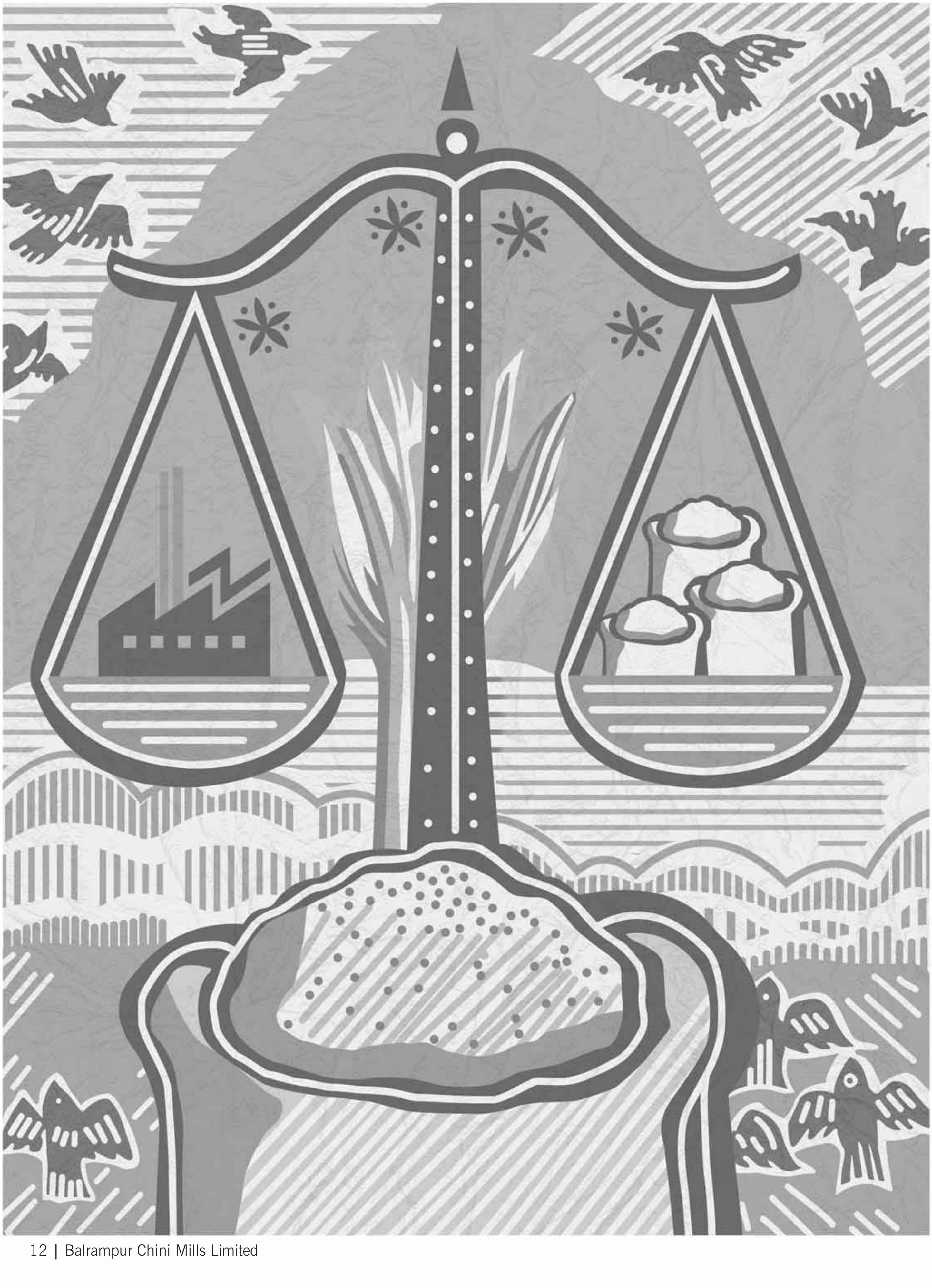
Recommendations

The result was that the committees made various major recommendations:

- That decontrol from this levy obligation be phased out over two years (while continuing with a control on releases in the interest of stability of sugar prices)
- Interest be paid to mills for not purchasing levy sugar within a prescribed time limit.
- The government ideally purchase sugar at a tendered or fixed price from industry players for onward distribution through the PDS
- The government be given a maximum three months to purchase levy sugar, following which the levy quota should automatically be available for free sale
- Authorise state governments/UT administration to procure sugar from the open market for onward sale through the PDS

It has been 14 years since the Mahajan Committee first made recommendations that would benefit cane growers, sugar manufacturers, consumers and the community. The government is yet to act.

If only…



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SCRAPPING THE MONTHLY RELEASE MECHANISM

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Concerns

In India's sugar industry, manufacturers are not permitted to sell their output whenever they wish; their sales are regulated by monthly release quotas announced by the Central Government following which millers must sell their allotted quantity within that month at prevailing prices. The result is that sugar produced across five months needs to be sold in a regulated manner through out the year.

For long, India's sugar manufacturers argued that this system is essentially draconian; that in a free market, a manufacturer has the right to decide when to sell, without which its cash flow is completely dependent on the single stroke of a bureaucrat's pen. Besides, manufacturers contended that the market place is fair and efficient; any sharp increase in price will attract sales and bring prices back to equilibrium, as it happens in all free markets.

Findings

In December 2007, the government appointed the Thorat Committee to examine whether the system needed an overhaul. The Thorat Committee, comprising respected members, emerged with the following findings:

- The government's role in maintaining the industry's inventory as a tool to manage prices was not legitimate, the government needed to focus on enhancing industry efficiency instead.
- The only role of the government in protecting consumer interest would at best be limited to sales through the public distribution system for economically disadvantaged consumers.
- The withdrawal of a market release mechanism would enhance mill flexibility and help raise cash to address cane arrears, loan repayment and reduce interest costs.

Recommendations

The result of the Thorat Committee's extensive study was a recommendation that the market release mechanism be scrapped, sugar be removed from the list of Essential Commodities and its weight in the Wholesale Price Index be reduced.

It has been four years since the Thorat Committee spelt out initiatives to strengthen India's sugar industry, benefiting not just manufacturers but the broad body of stakeholders. The government is yet to take a call.

If only...

if ONLY

CORRECTING THE CANE PRICING ANOMALY

Concerns

The sugar manufacturing industry is input-intensive; cane accounts for 70% of production cost. Any aberration in cane pricing and the balance is disturbed. When this happens, manufacturers incurres losses, cane arrears mount, cane output declines and sugar prices rise.

In India, the cost of most raw material inputs are subject to market forces; in the sugar industry, the cost of cane that must be paid by millers to farmers is dictated by the central/state governments; the price that consumers must pay millers is extensively influenced by the government. For a number of years, mills have insisted that in the true spirit of liberalisation, control at both these ends be vacated by the government and market forces be left to determine costs and realisations.

There is a reason for this. There is increasing evidence that the cost of cane is being exploited not for economic – but political – reasons. State governments have dictated higher cane prices in eight years of the last 10 years leading to 2011-12; cane costs more than doubled whereas sugar realisations only increased 58%. Besides, there is no standard that connects cane quality (based on sucrose content) to cane remuneration; low quality cane needs to be compensated just as well as the good.

Findings

Various studies conducted by different committees pointed to the fact some countries like Brazil demonstrated successful raw material pricing models in the mutual interest of their farmers, millers and consumers by taking the following non-arbitrary factors into account (as given below) and termed as the CONSECANA model.

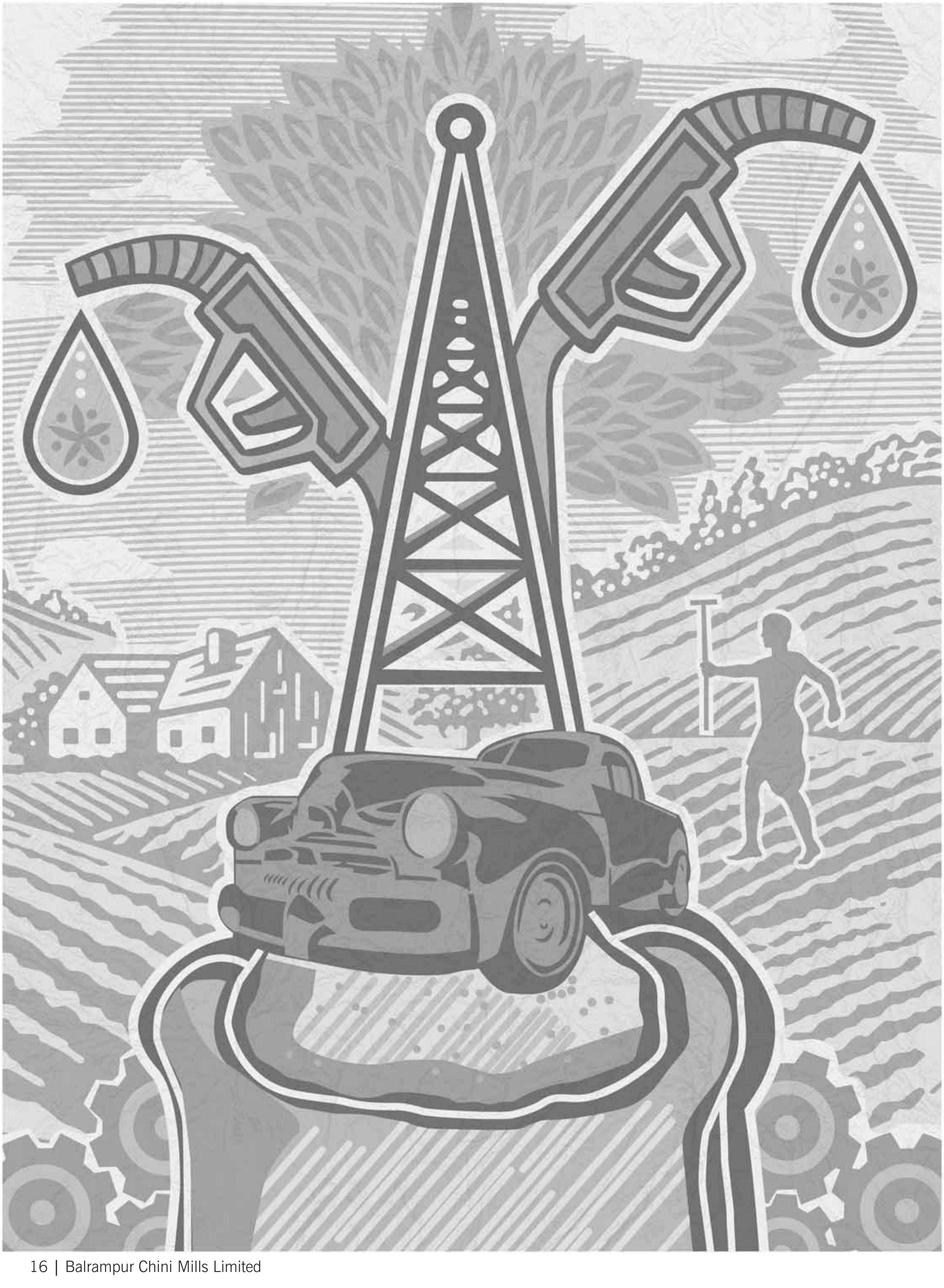
- Cane quality as expressed in terms of recoverable total sugar
- Revenue of the sugarcane grower proportionate to the industry revenue
- Cane costs account for 60% of sugar and ethanol production costs. Therefore, the sugarcane grower should receive an average 60% of the agro-industrial revenue.
- Sugarcane realisations should depend on the level of sucrose that the product contains.
- Quantification of the sugar contained in sugarcane should be determined in terms of total recoverable sugar.
- This should be a dynamic model, subject to revisions (general revisions conducted every five years)

Recommendations

In India, the Mahajan Committee indicated that the statutory minimum price should be based on cane raising cost, returns from alternative crops and cane sucrose content while being de-linked from sugar price; meanwhile, the actual price payable to cane growers should be linked to sugar realisations (calculated as an average across a number of years), making this stable and independent of government control.

It has been more than a decade since Brazil deregulated its sugar industry resulting in attractive returns for growers and millers; it has been years since various Indian committees have also indicated the need for immediate change. The government continues to wait.

If only…



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BY-PRODUCT (ETHANOL AND CO-GENERATION) POLICIES

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ETHANOL

Concerns

India's ethanol-based petrol programme (launched in 2003) now mandates the blending of 5% ethanol with petrol (but this is still at the level of 3-3.5%). The government fixed ethanol realisations at ₹27/litre irrespective of petrol price movements.

Recommendations

The Thorat Committee studied the existing industry realities and made the following conclusions:

- A comprehensive ethanol policy should be introduced reconciling manufacture, blending, pricing and investments.
- The government should encourage the manufacture of flexi-fuel vehicles (ethanol and conventional fuel).
- A special incentive -- at par with compressed natural gas - should be provided for ethanol-blended petrol
- Ethanol buyers (large petroleum companies) should not play a role in ethanol pricing.

CO-GENERATION

Concerns

Even as India's cogeneration potential (linked to exportable power by the sugar industry is estimated at 5000 MW), the sale of power to state utility grids was affected by regulatory controls. Industry players have for long indicated a need to codify power purchase by third parties.

Recommendations

The Thorat Committee introduced sweeping changes to strengthen the viability of this business.

- SEBs/utilities should buy power to the extent of 10% of their total generation/supplies from non-conventional sources (as done in USA).
- Policy for wheeling, banking and third party sales should be uniformly set as per MNRE guidelines.
- Grid connectivity to cogeneration units should be provided by SERC and state electricity boards.
- Preferential tariff structure should be provided for power generated by sugar mills to minimise diversion of any bagasse for alternative purposes.
- Transmission cost to be borne entirely by the utility grid.
- Cogeneration units should be part-subsidised through capital or interest subsidy during gestation.

These recommendations will help create a cleaner environment as ethanol blending reduces vehicular emissions and cogeneration reduces carbon footprint. The government is yet to take decisive steps in this direction.

If only...

"TO EFFECTIVELY COUNTER INDUSTRY CHALLENGES, THE COMPANY CRUSHED MORE CANE AND ACHIEVED THE SECOND HIGHEST RECOVERY AS A GROUP, AMONG ALL THE SUGAR MILLS IN UTTAR PRADESH."

Vivek Saraogi, Managing Director, discusses the Company's performance in 2011-12

Q. How would you evaluate the Company's performance in 2011-12?

The Indian sugar industry continued to be affected by government policies, translating into a rising operational cost and stagnant realisations. The result was a squeeze our profits from ₹164.4 cr in the 18 months period of 2009-11 to ₹6.6 cr in 2011-12.

This decline was the result of two realities: increase in sugar production, increase in cane costs and unfavourable government policies.

Take the first reality. There was a sustained increase in India's sugar production - from 18.92 mn tonnes in 2009-10 season to 24.37 mn tonnes in 2010-11 and a projected 26 mn tonnes in 2011-12, even as India's consumption for the 2011-12 sugar season is expected to be around 23 mn tonnes. The result was that free sale sugar prices remained range-bound between ₹2,700 - ₹2,900/quintal for as long as 18 months, while raw material costs increased from ₹205 per quintal to ₹240 per quintal.

Now take the second reality. For the 2011-12 sugar season, the government fixed an FRP of ₹145 per quintal (which the state government topped with a higher SAP).

In retrospect, I will say that the Company invested deeply in its competencies to arrest the decline in its bottomline during the year under review.

Q. Over the last decade, the Company invested significantly in by-products. How did these products perform?

Thanks to the significant investments that we made in various downstream by-products, the Company was able to offset the performance of its sugar division. The by-product segment grew by 20.35% in revenues on an annualised basis to ₹369.25 crore in 2011-12 and the contribution of this segment in the overall revenue increased from 15.43% in 2009-11 to 15.92% in 2011-12. As it turned out, the by-product segment generated an EBITA of ₹195.62 cr in 2011-12 as against ₹228.31 cr in 2009-11 (18 months) and the manufacture of ethanol and cogeneration remained viable.

Q. How did the Company mitigate the challenges of the external environment?

By exercising a stronger control on factors within its control. For instance, the Company focused on enhanced operational efficiency without making incremental capital investments. We crushed more cane and achieved a better recovery than in the previous year.

Q. What initiatives helped counter the industry downtrend?

As I indicated, we strengthened our efficiency over factors within our control covering the following initiatives:

- We achieved better asset utilisation of our installed capacity of 76,500 TCD. The result is that even in a challenging year, the Company reported a cash profit of ₹117.40 crore despite provisioning of ₹92 crore on account of cane price for the sugar season 2007-08 in terms of supreme court order.

Q. The sugar industry is at a crossroads. What needs to be done to bring it back to health?

In one word…decontrol. These are some of the things that need to be done without delay:

- The government mandates that mills sell 10% of their production as levy sugar at a realisation that is only 60% of the production cost. The result is an annual industry drain of around ₹3,000-3,500 cr. For a country that incurs a food subsidy of ₹100,000 cr, sugar is the only food sector without subsidies. What the government is welcome to do is provide sugar cheap to the underprivileged at its own cost and not at the cost of manufacturers.
- The government needs to remove the monthly release mechanism and replace it with a futures mechanism that will make it possible for sugar mills to decide when they would like to sell their production and at what price, bringing certain predictability to cash flows. It acted on this issue and introduced a quarterly free sale release mechanism effective from 1st April, 2012.
- The government needs to introduce a scientific linkage between cane price & sugar price as opposed to its arbitrary responses.
- The government also needs to create a predictable export direction in the case of sugar-surplus years, making it possible to capitalise on global realities without compromising on domestic priorities.

If these issues are not addressed, cane arrears would only increase, threatening banking and institutional health. On the other hand, if the recommendations made by various committees are addressed, the arrears and loans could be progressively liquidated, balance sheets strengthened and fresh investments attracted.

Q. There is an argument that sugar is an essential commodity, necessitating regulation.

A survey conducted by AC Nielsen revealed that of all the sugar consumed in India, only 38% is accounted for by households, while the majority is for commercial use. In turn, of the household consumption, the majority is consumed by high income households. The result is that the industry is being regulated to benefit the minority, whereas it is the affording majority that benefits the most.

There is another point: sugar consumption is only 2.2 kg per month in low income households compared with 5.1 kg per month in high income households. So the impact of a 10% rise in the cost of sugar translates into only a 1% increase in the monthly food expenses.

Q. What is the industry outlook?

The sugar production for 2011-12 is expected at 26 mn tonnes while consumption is expected to remain at around 23 mn tonnes. Cane cost was higher in SY 2011-12, which has reduced margins. As a focused manufacturer, we will continue to de-bottleneck our existing capacities, expect to crush 10% more cane in the 2012-13 sugar season and enhance efficiency. At Balrampur, we are competently placed to capitalise on any industry rebound with one of the most attractive capacity-equity ratios; an increase in realisations by a rupee a kilo can potentially translate into an increase in EBIDTA by ₹80 cr.

Scale

The Company is the second-largest sugar producer in India with a cumulative crushing capacity of 76,500 tonnes translating into economies of scale.

OUR STRENGTHS

Experience

The management has more than three decades of experience in sugar manufacture, graduating it from a modest producer into one of the largest sugar manufacturer in India today.

Location

The Company is the largest sugar manufacturer in East Uttar Pradesh, especially in pockets with weak mills that makes it possible to establish credibility for large cane purchases.

Receivables

The Company enjoys an attractively low debtors' cycle of 22 days of turnover equivalent, one of the lowest in the industry.

Integration

The Company's integration of cane with sugar, ethanol and cogeneration helps it to enjoy lower risks during industry downturns and maximise profits during industry rebounds. The Company has 10 plants of which eight are integrated for co-generation.

Recovery

The Company achieved an average recovery of 9.54% cane recovery – second highest in Uttar Pradesh.

Economy driver

The Company purchases sugarcane from 3 mn farmers; it infused around ₹2,000 crore into the rural economy through cane purchase and contributed ₹80 crore to the national exchequer by way of excise duty.

Competitiveness

The Company's capital cost per tonne of cane crushing capacity of ₹2.15 lacs is among the lowest in its industry and compares favourably with a replacement cost of ₹4.00 lacs per tonne.

Security

Around 12% of the Company's revenues are secured through long-term purchase agreements with oil marketing corporations who buy ethanol and power purchase agreements with state electricity boards to sell cogenerated power.

Market share

The Company accounts for a 3-5% share of India's sugar market.

Logistics

Around 90% of the sugar sales are made within 500 km of its manufacturing facilities, entailing lower logistic costs.

CORPORATE SOCIAL RESPONSIBILITY

Balrampur Chini is committed to fulfill corporate social responsibility by welfare, development and upliftment of underprivileged and socio-economically challenged sections of the society through Balrampur Institute of Vocational Aid (BIVA), Balrampur Foundation (BF) and other philanthropic organisations.

BIVA

BIVA (registered Public Charitable Trust) provides specialised vocational training to the underprivileged to alleviate poverty and enhance self-reliance. The entire programme is heavily subsidised to ensure maximum reach amongst youth. It offers vocational training and income generation programmes for those within the 14-40 age group. The Institute is affiliated to the Khadi and Village Industries Commission (KVIC), Ministry of Micro, Small & Medium Enterprise (MSME), Government of India and empanelled under State Urban Development Authority (SUDA). The Institute's select short-term courses are recognised by the West Bengal State Council of Vocational Education and Training; some are approved under the skill development initiatives by the Regional Directorate of Apprenticeship Training, Eastern Region, Kolkata.

Trainees are provided support for opening their micro units and for their placements too. Institute support and assist through motivational and problem-solving seminars for entrepreneurs. It also provides market assistance through the implementation of fair trade policies, fairs and exhibitions.

A brief of some of the courses:

- Three weeks of Enterprise Development Programme under the Prime Minister's Employment Generation Programme or for making Phenyl, washing powder, perfume etc. affiliated to or recognised by District Industries Centre, 24 Parganas, W.B.; attended by 42 aspirants.
- Twenty days of Enterprise Development Programme for Business Development Programme affiliated by NGO, I Create Foundation; attended by 20 aspirants.
- Six months of Vocational Certificate Training Course, viz. 2/3 Wheeler Mechanic, Telephone & Mobile Repairing, Electrical House Wiring & Motor Winding affiliated to the West Bengal State Council of Vocational Education and Training; attended by 161 trainees.
- Three months of Vocational Certificate Training Course on motor driving', affiliated to the Regional Transport Authority, Govt. of West Bengal; attended by 72 trainees.
- Four months of Vocational Certificate Training Course on computer Fundamentals and DTP, Hair & Skin Care, Tailoring etc; attended by 259 trainees.
- Five months of Vocational Certificate Training Course on Air Conditioner & Refrigeration Mechanic; attended by 22 trainees.

In view of the larger infrastructure is required to cope with ever increasing number of trainees and to introduce new courses as per industry needs, the BIVA is in process of purchasing its own building which will enable to carry on its activities effectively on a larger scale.

Balrampur Foundation

Balrampur Foundation (formed 31st July, 2001) is a public charitable trust, with objects to provide relief to the poor and upliftment of economically backward people through education, medical facilities and other charitable objects of public utility. The trust is funded mainly by Balrampur Chini Mills Ltd. To achieve these objects the trust has undertaken setting up and running of schools, hospitals and other charitable activitie. The major activities comprises:

- Managing Panna Lal Saraogi Lions Eye Hospital at Balrampur with the latest equipment and qualified optometrist. Treatment is nominally priced; for the underprivileged, it is free. The trust organises regular eye camps in remote areas of Balrampur with the objective to eradicate blindness.
- Managing a maternity hospital Ma Satyabai Matri Shishu Kendra at Jaiprabhagram, Gonda, this provides maternitical medical facilities at no cost to the underprivileged.
- Running a school Ma Satyabai Children Academy in Babhnan, Gonda to impart education to the economically backward children.
- Managing the Deendayal Shodh Sansthan in the economically backward Gonda to provide medical facilities to the underprivileged.
- Providing financial support to various educational, health care, cultural, social institutions for rural development and poverty alleviation.
- Providing help to various organisations to conduct sports tournaments -- cricket, hockey, badminton and football among others. Moreover, the trust encourages talented players who have won state or national-level awards and certifications.

REPORT OF THE BOARD OF DIRECTORS

For the year ended 31st March, 2012

Dear Shareholders,

Your Directors have pleasure in presenting their report as a part of the 36th Annual Report, along with the audited accounts of the Company for the year ended 31st March, 2012.

Operating and financial review

[₹ in Lacs]

Financial Results	2011-12 (For 12 months)		2009-11 (For 18 months)	
Gross turnover		**239031.15**		**306739.86**
Operating profit before finance costs, depreciation and tax		26597.21		54225.55
Finance costs	14741.11		14864.46	
Depreciation and amortization expense	11078.09		16810.96	
Tax expense	115.52	25934.72	6109.38	37784.80
Net profit		**662.49**		**16440.75**
Less: Loss of Maizapur unit on merger		–		1248.17
Add : Dividend on equity shares (including tax on dividend) for previous period written back		22.89		–
Add : Balance brought forward from the previous year		7219.25		4238.55
Profit available for appropriation		**7904.63**		**19431.13**
Appropriations:				
Proposed dividend on equity shares		-		1852.05
Tax on proposed dividend		-		300.45
Dividend on equity shares (including tax on dividend) for the previous year		-		59.38
General Reserve		-		10000.00
Leaving a balance to be carried forward to next year's account		7904.63		7219.25
		7904.63		19431.13

Dividend

Your Directors do not recommend the payment of dividend on equity shares in view of the lower profits earned by the Company.

Operations

The operational data of the Company for the financial year 2011-12 and 2009-11 are provided as under:

Financial year	Cane crushed (in lac qntls)	Sugar produced (in lac qntls)	Recovery %
2011-12 (12 months)	846.28	80.71	9.54
2009-11 (18 months)	1231.48	115.47*	9.38

**excluding 8.69 lac quintals processed from raw sugar.*

Financial year review

The financial and operating results for the year under review are for a period of 12 months and not strictly comparable with the 18 months results for 2009-11.

Performance 2011-12

The Company reported a turnover of ₹2390.31 crores for the year ended 31st March, 2012 as against ₹3067.40 crores during the previous period. During the year under review, the Company earned a net profit of ₹6.62 crores as against ₹164.41 crores during the previous period despite a hefty provision for impugned sugar cane dues of ₹92.35 crores for season 2007-08 during the year under review pursuant to the Hon'ble Supreme Court order dated 17.01.2012.

Sugar: Sugar crushing and production during season 2011-12 were substantially higher at 860.18 lac quintals and 82.17 lac quintals as against 694.60 lac quintals and 65.30 lac quintals respectively in 2010-11 season. The average recovery was higher at 9.55% (the second highest among all sugar producing companies in Uttar Pradesh) for the 2011-12 season as against 9.40% in 2010-11 season.

The Uttar Pradesh government announced a cane price of ₹240 per quintal for season 2011-12 compared to ₹205 for the season 2010-11. This hefty increase in the state advised cane price was politically induced without any economic rationale even as domestic sugar prices remained subdued owing to a surplus production. The result was that most sugar companies were unable to absorb the increased production cost leading to all time high cane price arrears around ₹3200 crores in U.P.

However, the increased crushing and volume growth helped amortise fixed costs more effectively and enhance the availability of byproducts to feed the downstream power and alcohol businesses. The Company is attractively placed to utilise the total availability of byproducts through the manufacture of synergic downstream products through its integrated business model.

The sugar season 2011-12 commenced with an opening stock of approximately 5 million tonnes at national level. The country's production is estimated at 26 million tonnes against a consumption of 23 million tonnes. To mitigate the impact of the surplus, the government prioritised sugar exports under an open general license in two tranches of a million tonnes each [refer to Cane & Sugar Policy], which has helped stabilise domestic sugar realisations.

Power: The power business of the Company performed better during the year under review. The total power generated by our cogeneration plant was 7390.47 lac units, as against 10153.88 lac units in the previous period. Power export to UPPCL was 5267.96 lac units as against 7110.77 lac units in the previous period; the total value of power exported to the grid was ₹21810.68 lacs as against ₹29392.93 lacs in the previous period.

Distillery: The distillery performance was satisfactory. The Company produced 280.47 lac BL industrial alcohol, 165.31 lac BL ethanol and 112.07 lac BL ENA as against 383.01 lac BL, 141.61 lac BL and 186.62 lac BL respectively during the previous period. The average realization (net of excise duty) per BL of industrial alcohol, ethanol and ENA was ₹26.70 as against ₹25.10 in 2009-11.

Organic manure: The performance of organic manure manufacture was satisfactory during the year under review.

Subsidiary companies

Indo Gulf Industries Ltd (IGIL): IGIL reported a net loss of ₹75.10 lacs for the year ended 31st March, 2012.

Balrampur Overseas Pvt. Ltd. (BOPL): BOPL, a wholly owned subsidiary of the Company incorporated in Hong Kong, reported a loss of Hong Kong $ 74166 for the year ended 31st March, 2012.

The statement under section 212(3) of the Companies Act, 1956 in respect of subsidiary companies is separately annexed.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not attached with the Balance Sheet of the Company. The annual accounts of the subsidiary companies and the related detailed information shall be made available to members of the Company and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall be kept for inspection for members at the Company's Registered Office and at the Registered Office of the subsidiary companies concerned.

Cane and Sugar Policy

Season 2011-12: The salient features of the sugar policy were as under:

- The ratio of levy and free-sale sugar remained at 10:90.
- The Fair & Remunerative Price (F&RP) was fixed at ₹145 per quintal linked to a basic recovery of 9.5% subject to a premium of ₹1.37 per quintal for every 0.1% increase in recovery above that level.
- Consequent to the increase in F&RP, the levy sugar price was raised to ₹1974.90 per quintal from ₹1917.18.
- The UP government increased the state advised price from ₹205 per quintal to ₹240 for normal variety.
- The government permitted the export of 20 lac tons of sugar in tranches of 10 lac tons each under an open general license (OGL) to evacuate surplus sugar. Each sugar factory was given a proportionate tradable license based on its average sugar production in the previous three seasons. Beyond 20 lac tons government further allowed unrestricted exports to enable the industry to reduce its inventory leading to the liquidation of outstanding cane dues. The exports were also permitted under OGL without tradable licenses.

Legal cases related to cane price

The judgment related to the cane price for the sugar seasons 2006-07 and 2007-08, which were pending in the Hon'ble Supreme Court, was delivered on 17th January, 2012. The Order directed the payment of the differential price of ₹7 per qntl. for the season 2006-07 and ₹15 per qntl. for the season 2007-08 within three months of the Order. In line with this directive, a sum of ₹92.35 crores was provided for in the accounts of the Company during the year under review as differential cane price for season 2007-08. The arrears of the cane price for the season 2006-07 were already provided in the books of account.

Consolidated financial statements

In compliance with the Accounting Standards 21 and 23 of the Companies (Accounting Standards) Rules, 2006 and pursuant to the Listing Agreement with the stock exchanges, the consolidated financial statements form a part of this Annual Report.

Outlook

The Government of India constituted an Expert Committee under the Chairmanship of Dr. C. Rangarajan, Chairman of the Economic Advisory Council to the Prime Minister, to examine all aspects related to sugar decontrol. The Committee will meet all stakeholders before submitting its views, touching upon export, cane price linkage, abolition of levy obligation etc. The Committee is expected to submit its report by July 2012.

A final view on the price of ethanol is awaited even though the Expert Committee headed by Dr. Saumitra Chaudhuri, Member Planning Commission submitted its recommendations a long time ago.

Brazil is a relevant example where deregulation a decade-and-a-half ago has benefited the country through increased production, remunerative price to cane growers, energy security and adequate bio-fuel availability. The result is that Brazil reported a significant and sustainable increase in sugar production from a pre-deregulation level of around 17 million tons to of 30 million tons plus, strengthening the country's position as a regular exporter of ethanol and sugar. Currently owing to ambiguity in policy and decision making, India goes through volatile sugar cycles on regular basis. With complete deregulation of the sugar industry, clarity and sustainable growth of sugar industry in India would lead to large scale benefits for all its stakeholders.

Listing of equity shares

Your Company's equity shares are listed on the Bombay, Calcutta and National Stock Exchanges. Your Company paid the annual listing fees to each stock exchange. An application for delisting of our shares from Calcutta Stock Exchange is pending.

Corporate governance

As per Clause 49 of the Listing Agreement with the stock exchanges, Management Discussion and Analysis, Corporate Governance report and the Auditors' Certificate on the compliance of conditions of Corporate Governance, form a part of the Annual Report. However, the voluntary guidelines on Corporate Governance issued by the Ministry of Corporate Affairs, Government of India, will be considered after the enactment of the New Companies Bill by the Government.

Credit rating

ICRA has assigned a credit rating of A+ & A1 respectively for Company's long term and short term debt.

Risk management

The Board of Directors regularly reviewed risks and threats and took suitable proactive initiatives to safeguard the Company's interest.

Buyback of shares

The Board of Directors at its meeting on 22nd February, 2011 announced a buyback of the Company's fully paid up equity shares of ₹1 each at a price not exceeding ₹85 per share. This was permitted to be paid in cash out of the free reserves by way of purchase from the open market through the stock exchanges for an amount up to ₹110 crores. The buyback closed on 5th July, 2011. The Company bought back 15410135 equity shares at an average price of ₹71.17 per share aggregating ₹109.68 crores. The acquired shares were extinguished and following this, the paid-up share capital of the Company was reduced to ₹24.43 crores.

Employee Stock Option Scheme

Pursuant to the Provision of Guidelines 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended, the details of Stock Options as on 31st March, 2012 under the Employee Stock Option Scheme, 2005 are set out in the Annexure to the Directors' Report.

Directors

Shri S.B. Budhiraja ceased as Director of the Company with effect from 23rd July, 2011 as he did not seek re-election in the last Annual General Meeting. The Board places on record its high appreciation for the valuable services rendered by Shri S.B. Budhiraja during his tenure as a director and chairman of the Audit Committee.

Shri R.N. Das was appointed as Additional Director of the Company with effect from 23rd July, 2011. He will hold office up to the date of the ensuing Annual General Meeting. The Company received a notice under Section 257 of the Companies Act, 1956 from a member proposing Shri R.N. Das as a director of the Company.

Shri Naresh Chandra and Shri R.Vasudevan, Directors of your Company, retire from the Board by rotation and are eligible for re-election.

Directors' responsibility statement

As required under Section 217 (2AA) of the Companies Act, 1956 your Directors confirm that:

i. In preparation of the annual accounts, the applicable accounting standards have been followed.

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year, and of the profit of your Company for that year.

iii. The Directors have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities, and

iv. The Directors have prepared the annual accounts on a 'going concern' basis.

Particulars of employees

The particulars of employees, as required under Section 217(2A) of the Companies Act, 1956, are given in a separate annexure attached hereto and form part of this report.

Conservation of energy etc.

The particulars related to the conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956, are given in a separate annexure attached hereto and form a part of this report.

Fixed deposits

The Company did not accept any deposit under section 58A of the Companies Act, 1956 during the year under review.

Auditors & Auditors' Report

M/s. G.P. Agrawal & Co., Chartered Accountants, Auditors of your Company, retire and, being eligible, offers themselves for re-appointment. The Notes to Financial Statements referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanations/ comments.

Cost auditors

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, M/s. N. Radhakrishnan & Co, Cost Accountants, were appointed to conduct cost audits relating to sugar, electricity and industrial alcohol for the year ended 31st March, 2012.

The Cost Audit Report for the financial year ended 31st March, 2011 was filed by the Cost Auditors with respect to the sugar units of the Company on 21st September, 2011, which is well within the due date of 30th September, 2011.

Appreciation

Your Board of Directors wish to place on record their sincere appreciation for the continued support from shareholders, customers, suppliers, Financial Institutions, Central Government, Government of U.P, State Bank of India, HDFC Bank, Punjab National Bank, other Bankers and other business associates for the growth of the organisation. A particular note of thanks to all employees of the Company for the cooperation and dedicated services rendered at all levels.

For and on behalf of the Board of Directors

Kishor Shah Vivek Saraogi

Kishor Shah
Director cum Chief Financial Officer

Vivek Saraogi
Managing Director

Place: Kolkata
Date: 28th May, 2012.

Annexure to the

DIRECTORS' REPORT

Information pursuant to the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2012

A. Conservation of Energy

a) Your Company continues to give high priority to the conservation of energy on an ongoing basis. Some of the significant measures taken are:

   i) Installation of high-efficiency, high pressure Steam generators with fully auto combustion control system through DCS, spreader stocker, travelling grate furnace and waste heat recovery system like, hot condensate recovery, air-pre heater, economiser and flash heat recovery through CBD, HT Motors, re-generative DC motors planetary gear boxes, efficient industrial fans, hydraulic cane unloaders, high efficiency pumps.

   ii) Installation of efficient and fully auto centrifugal machines, energy efficient equipments like condensing-cum–extraction turbines, variable frequency drives, efficient treatment of boiler feed water to minimise the blow downs. Stop live steam bleeding to exhaust by installing back pressure turbine and export generated electrical power to Electricity board.

   iii) Installation of DCS controlled operation at various stations to achieve maximum efficiency. Use of capacitors near motor to maintain the power factor, Vapour line/dynamic juice heaters, direct contact heaters, continuous pan, falling film evaporators, semi Kestners, film type sulphur burners, fully automation of condensing system, electric heaters for sulphur melting, use of centrifugal pump instead of magma pumps.

   iv) Significant steps have been taken to conserve energy in boiling house by use of latest energy efficient techniques i.e. flash heat recovery (cigar system), pan washing by low temperature Vapors, avoid use of live steam by passing exhaust condensate through PTHE for wash water heating for centrifugal machines, collection and recycling of condensate from exhaust steam drains, providing efficient steam traps to have minimum wastage of energy.

   v) Recycling of process water to conserve natural resources. Replacing conventional inefficient bulbs with efficient CFL and LED lights. Conserve energy by providing timers at street lights and putting energy efficient motors.

b) Additional investments and proposals being implemented for reduction of consumption of energy : Promoting star rating electrical equipments, installation of solar lights and solar lanterns.

c) The impact of above measures are expected to reduce the consumption of fuel and power substantially and consequently the cost of production.

d) The required data with regard to conservation of energy are furnished below:

(A) Power and fuel consumption	2011–12	2009–11
1. a) Purchased (units in lacs) (excluding domestic units)	2.16	2.92
Total amount (₹ lacs)	19.46	22.98
Rate per unit (₹)	8.99	7.87
b) Own generation		
i) Through Diesel Generator Sets (units in lacs)	13.10	21.72
Units per ltr. of Diesel	2.96	3.16
Cost/unit (₹)	14.10	11.99
ii) Through Steam Turbine/Generator (units in lacs)	2238.99	3277.69
Unit per quintal of bagasse cost/unit	Steam produced by use of own bagasse	

	2011–12	2009–11
2. Coal (specify quality and where used)	Not directly consumed in production	GCV–6188, 6174, 6152, 4368, 5521, 5631, 4759 Used for generation of steam & in turn power for processing of Raw Sugar
Quantity (tonnes)	-do-	13490.88
Total Cost (₹ in lacs)	-do-	718.09
Average rate (₹ per MT)	-do-	5322.77
3. Furnace oil (qty. k. ltrs.)	Not directly consumed in production	Not directly consumed in production
Total amount /average rate	-do-	-do-
4. Other/internal generation	Nil	Nil
Quantity total cost rate/ unit	Nil	Nil
(B) Consumption per unit of production		
Sugar (lac quintal) *(including 8.69 lac quintals processed from Raw Sugar)	80.49	124.02*
Electricity (Units per quintal of production)	28.01	26.63
Furnace oil	Nil	Nil
Coal (tonnes per quintal of production) (specify quality – as above)	Nil	0.001
Other (specify)	Nil	Nil

B. Research and Development, Technology Absorption

Following sugarcane development activities are being carried on during the year 2011-12:

- Rearing of speed nurseries of new improved varieties for varietal replacement;
- Moist heat therapy to eradicate seed born diseases;
- Pest control measures to protect cane from diseases and soil testing laboratory;
- Ratoon crop management & gap filling helping increase yield and recovery;
- Biological control laboratory for sugarcane pest management;
- Inter cropping of sugarcane for multi crop to farmers;
- Distribution of fertilisers and manures for healthy development & growth of sugarcane.

Due to above efforts, it is expected that higher yield of disease free cane will be available to the Company, resulting in a higher return to the Company and the cane growers. Multi cropping also helps farmers to get more returns.

Future Plans

- Continuous research to generate better yielding and disease free cane varieties;
- Installation of tissue culture laboratory;
- Provision of irrigation facility to growers by distribution of pumping sets and borings;
- Installation of machineries with latest technology at different stations in the factory, if the industry demands as such.

Expenditure incurred on Research & Development : Nil.

The Company has not imported any technology.

C. Foreign Exchange Earning and Outgo

	2011–12	2009–11
i) Activities relating to exports, initiative taken to increase exports	Various proposals are being examined	Various proposals are being examined
ii) Development of new export market for product and services and export plan	-do-	-do-
iii) Total foreign exchange earnings (₹ lacs)	83.55	4940.74
iv) Used (₹ lacs)	1008.01	16810.07

For and on behalf of the Board of Directors

Kishor Shah
Vivek Saraogi

Place: Kolkata
Date: 28th May, 2012.

Kishor Shah
Director cum Chief Financial Officer

Vivek Saraogi
Managing Director

Annexure to the

DIRECTORS' REPORT

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, and forming part of the Director's report for the year ended 31st March, 2012

Name	Designation, Nature of Duties	Remuneration (₹)	Qualification and Experience (years)	Age (years)	Date of Commencement of Employment	Last Employer, Designation
Vivek Saraogi	Managing Director	21064594	B.Com (Hons.), (24)	46	3rd July, 1987	None
Meenakshi Saraogi	Jt. Managing Director	20667737	B.A. (29)	68	1st October, 1982	None

Notes:

1) Remuneration includes salary, commission, Company's contribution to provident fund and monetary value of perquisites but does not include contribution to gratuity fund.
2) The appointments in respect of Managing / Wholetime Directors are contractual. Other terms and conditions are as per rules of the Company.
3) Shri Vivek Saraogi (Managing Director) and Smt. Meenakshi Saraogi (Jt. Managing Director) are related to each other.

For and on behalf of the Board of Directors

Kishor Shah
Vivek Saraogi

Place: Kolkata
Date: 28th May, 2012.

Kishor Shah
Director cum Chief Financial Officer

Vivek Saraogi
Managing Director

Annexure to the

DIRECTORS' REPORT

Statement as at 31st March, 2012 pursuant to Clause 12 of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999.

a) **Description:**

Year	2005	2006	2007	2008	2009
No. of options granted	6,22,500	8,83,000	9,95,500	12,80,000	14,64,500
Date of grant	31.10.2005	27.11.2006	27.11.2007	25.11.2008	28.05.2009
Exercise price per share* (Each option is equivalent to one equity share of the face value of ₹1 each of the Company)	₹45 (revised from ₹74.60)	₹45 (revised from ₹104.10)	₹45 (revised from ₹72.20)	₹45 (revised from ₹74.20)	₹45

b] **Pricing formula:**

The exercise price of the options is determined by the Remuneration Committee on the date the option is granted. It is based on the average daily closing market price of the equity shares of the Company during the preceding 26 weeks, prior to the date of grant [on the stock exchange it is traded most].

*The shareholders of the Company at their Extra-Ordinary General Meeting held on 25th May, 2009 has accorded approval to re-price the exercise price of the options granted in the years 2005, 2006, 2007 & 2008, which have not been exercised, and also the exercise price in respect of options to be granted for the year 2009 at 20% discount to the average daily closing market price of the Company's share, on the stock exchange it is traded most, during the preceding 26 weeks prior to the date of the meeting to be held to re-price the exercise price of the unexercised options and options to be granted for the year 2009. Accordingly, the Remuneration Committee on 28th May, 2009 has re-priced the exercise price of the unexercised options for the years 2005, 2006, 2007 & 2008 and granted stock options for the year 2009 at an exercise price of ₹45 per equity share.

c] Options vested: 45,93,000

d] Options exercised: 42,25,350

e] Total number of equity shares arising as a result of exercise of options: 42,25,350 equity shares of ₹1 each.

f] Options lapsed: 6,93,500

g] Variation of terms of option: Re-pricing of options, as stated above.

h] Money realised on exercise of option: ₹19,25,57,590/-

i] Total no of option in force: 3,26,650

j] **Details of option granted to**

i] Senior Managerial Personnel: Options has not been granted during the year ended 31st March, 2012.

ii] Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year – Nil.

iii] Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant – Nil.

k] Diluted earnings per share (EPS) pursuant to the issue of shares on exercise of options calculated in accordance with Accounting Standard [AS] 'Earning Per Share' ₹0.27.

l] i) The employee compensation cost has been calculated using the intrinsic value method of accounting for options issued under BCML Employees Stock Option Scheme. The stock-based compensation cost as per the intrinsic value method for the year ended 31st March, 2012 is Nil (since no options vested during the year).

ii) The employee compensation cost that shall have been recognised if the Company had used the fair value of the options is Nil (since no options vested during the year). The difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if the Company had used the fair value of the options – Not Applicable.

iii) Impact of this difference on profits and EPS of the Company: Not Applicable.

m] The weighted average exercise price of the options is ₹45 per equity share. The weighted average fair value of options for 2005 – ₹57.51, 2006 – ₹64.56, 2007 – ₹66.94, 2008 – ₹15.30 & 2009 – ₹59.80 per option.

n] A description of the method and significant assumptions used during the period to estimate the fair values of options, including the following weighted-average information is given below:-

a) **Description:**

Sl	Particulars	2005	2006	2007	2008	2009
1	Method	Black Scholes Model	Black Scholes Model	Black Scholes Model	Black Scholes Model	Black Scholes Model
2	Risk-free interest rate	7.07%	7.07%	7.07%	7.07%	7.07%
3	Expected life	9 years (including vesting period of 1 year)	9 years (including vesting period of 1 year)	9 years (including vesting period of 1 year)	9 years (including vesting period of 1 year)	9 years (including vesting period of 1 year)
4	Expected volatility	22.80%	25.70%	13.67%	22.72%	29.13%
5	The price of the underlying share in market at the time of option grant	81.10	87.65	90.75	35.40	82.35

For and on behalf of the Board of Directors

Kishor Shal Vivek Saraogi

Place: Kolkata
Date: 28th May, 2012.

Kishor Shah
Director cum Chief Financial Officer

Vivek Saraogi
Managing Director

Auditors' Certificate as required under Clause 14 of the SEBI (Employees Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999

We have examined the books of account and other relevant records of Balrampur Chini Mills Ltd. having its registered office at 'FMC Fortuna', 2nd floor, 234/3A, A.J.C. Bose Road, Kolkata– 700 020 and based on the information and explanations given to us, we certify that in our opinion, the Company has implemented the Employee Stock Option Scheme in accordance with SEBI (Employees Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the special resolution passed by the Company in the Extra-ordinary General Meeting held on 8th September, 2005 and 25th May, 2009.

For **G.P. Agrawal & Co.**
Chartered Accountants
F.R. No. 302082E

(CA. Ajay Agrawal
Membership No. 17643)
Partner

Place: Kolkata
Date: 28th May, 2012.

CORPORATE GOVERNANCE REPORT

Philosophy on code of governance

In Balrampur Chini, we believe that Corporate Governance is a key element for improving efficiency, stimulate growth, generate long-term wealth and enhance investor confidence. It refers to, but not limited to, a set of laws, regulations and good practices that enable an organisation to perform efficiently and ethically to generate long term wealth and create value for all its stakeholders. We recognise that good corporate governance is a continuous exercise.

Adherence to transparency, accountability, fairness and ethical standard are integral part of our functioning. Our corporate structure, business dealings, administration and disclosure practices have aligned to good corporate governance philosophy. We have adequate system of control and check in place to ensure that the executive decisions should result in optimum growth and development which benefits all the stakeholders. The Company aims to increase and sustain its corporate value through growth and innovation.

Board of Directors

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board. As on 31st March, 2012, the constitution of the Board was

- Two Promoters, Executive Directors
- Two Non-Promoters, Executive Directors
- Four Independent, Non-Executive Directors

During the year ended 31st March, 2012, five board meetings were held. The Company has held at least one meeting in every quarter and the time gap between two board meetings did not exceed 4 months as prescribed under Clause 49. The details are as follows:

Sl. No.	Date of Board Meeting	Board Strength	Number of Directors present	Number of Independent Directors present
1	13th May, 2011	8	7	4
2	23rd July, 2011	8	7	4
3	14th November, 2011	8	5	2
4	30th January, 2012	8	6	3
5	16th March, 2012	8	6	3

The composition of the Board of Directors as on 31st March, 2012, the number of other Board of Directors or Board Committees of which he/she is a member/Chairperson and the attendance of each director at these Board meetings and the last Annual General Meeting (AGM) was as under:

Name of the Director [1]	Category [2]	No. of other Directorships* (Public Limited Company) [3]	No. of Membership/ Chairmanship on other Board Committees** [4]	No. of Board Meetings attended [5]	Attendance at last AGM [6]
Shri Naresh Chandra (Chairman)	Independent, Non-executive	11	10 (including 1 as Chairman)	2	Yes
Shri Vivek Saraogi (Managing Director)	Promoter, Executive	1	Nil	5	Yes
Smt. Meenakshi Saraogi (Jt. Managing Director)	Promoter, Executive	Nil	Nil	4	No
Shri Ram Kishore Choudhury	Independent, Non-executive	6	2 (including 1 as Chairman)	4	Yes
Shri S.B. Budhiraja (ceased from directorship on 23.07.2011)	-do-	N.A.	N.A.	1	No
Shri R. Vasudevan	-do-	4	5 (including 1 as Chairman)	5	Yes
Shri R.N. Das (Appointed on 23.07.2011)	-do-	Nil	Nil	4	No
Shri Kishor Shah [Director cum Chief Financial Officer]	Non-promoter, Executive	Nil	Nil	5	Yes
Dr. Arvind Krishna Saxena	Non-promoter, Executive	1	1	1	Yes

(*) *Excludes membership of the Managing Committee of various chambers/bodies and directorship in Private Limited Companies/ Companies under section 25 of the Companies Act/ foreign companies.*

(**) *For reckoning the limit, the membership/ chairmanship of the Audit Committee and Shareholders' Grievance Committee of the Indian Public Limited Companies were considered.*

The composition of the Board and other provisions as to Board and Committees are in compliance with the clause 49. All the independent directors qualify the conditions for being independent director as prescribed under Clause 49. No Director is related to any other director, except Shri Vivek Saraogi and Smt. Meenakshi Saraogi, who are related to each other, as Shri Vivek Saraogi is son of Smt. Meenakshi Saraogi. Further, the Board periodically reviews compliance reports of all laws applicable to the Company and necessary steps are being taken to ensure the compliance in law and spirit.

Board Committees

Audit Committee

Composition

The Audit Committee of the Company comprises four directors – three of whom are Independent, Non-Executive and one is Promoter, Executive. All of them are experts in corporate finance, accounts and corporate law. The Chairman of the Committee is an Independent Non-Executive Director, nominated by the Board. The Company Secretary acts as the secretary to the Committee. The Director-cum-Chief Financial Officer, the Statutory Auditor, Cost Auditor and the Internal Auditor of the Company are permanent invitees at the meetings of the Committee. The composition of the Audit Committee meets the requirement of the Clause 49 and the provisions of the Companies Act, 1956.

The composition of the Audit Committee:

Sl. No.	Name of Directors	Position
1	Shri R. Vasudevan	Chairman, Independent, Non-Executive
2	Shri Ram Kishore Choudhury	Vice-chairman, Independent, Non-Executive
3	Shri Vivek Saraogi	Member, Promoter, Executive
4	Shri R. N. Das (Appointed on 23.07.2011)	Member, Independent, Non-Executive
5	Shri S.B. Budhiraja (ceased on 23.07.2011)	Member, Independent, Non-Executive

The Audit Committee has following powers:

1) To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and shall have full access to information contained in the records of the Company and external professional advice, if necessary.
2) To investigate any activity within its terms of reference.
3) To seek information from any employee.
4) To obtain outside legal or other professional advice.
5) To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor including cost auditor and the fixation of audit fees.
3. Approval of payment to statutory auditor including cost auditor for any other services rendered by them.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
   b. Changes, if any, in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by management
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with listing and other legal requirements relating to financial statements
   f. Disclosure of any related party transactions
   g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.).
7. Reviewing, with the management, performance of statutory auditor including cost auditor and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
9. Discussion with internal auditors, about any significant findings and follow up thereon.
10. Reviewing the findings of any internal investigations by the internal auditors into matters, where there is suspected fraud or irregularity or a failure of the internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors including cost auditor before the audit commences, about the nature and the scope of audit as well as the post-audit discussion to ascertain any area of concern.

12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and the creditors.
13. Reviewing Company's financial and risk management policies,
14. Carrying out such other functions which, may be, from time to time specifically referred by the Board of Directors.

The Audit Committee also reviews the following information:

1. The Management's Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions, submitted by the management;
3. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.

Meetings and attendance

During the year ended 31st March, 2012, four Audit Committee meetings were held on 13th May, 2011, 23rd July, 2011, 14th November, 2011 and 30th January, 2012.

Name of Directors	Number of Meetings Attended
Shri R. Vasudevan	4
Shri Ram Kishore Choudhury	3
Shri Vivek Saraogi	4
Shri R. N. Das (Appointed on 23.07.2011)	2
Shri S.B. Budhiraja (Ceased on 23.07.2011)	1

Shri Ram Kishore Choudhury, Vice-Chairman attended the AGM held on 23rd July, 2011 and replied to the queries related to accounts to the satisfaction of the shareholders.

Remuneration Committee

The Remuneration Committee recommends to the Board of Directors regarding the remuneration payable to the Executive Directors of the Company. The Remuneration Committee comprises four Directors, all of whom are Non-Executive, Independent Directors. The members of the committee are Shri Naresh Chandra, Shri R.K. Choudhury, Shri R. Vasudevan and Shri R. N. Das. Shri S.B. Budhiraja ceased as member and Shri R N Das nominated as member of the Remuneration Committee, both on 23rd July, 2011. Shri Naresh Chandra is the Chairman of the Committee.

The Remuneration Committee also administers the Employee Stock Option Scheme, which was approved by a resolution of shareholders at the Extra-ordinary General Meetings of the Company held on 8th September, 2005 and 25th May, 2009. During the year ended 31st March, 2012, two Remuneration Committee meetings were held on 23rd July, 2011 and 30th January, 2012. The attendance of the members at the meetings were as follows:

Name of Directors	Number of Meetings Attended
Shri Naresh Chandra	1
Shri R.K. Choudhury	2
Shri R. Vasudevan	2
Shri R. N. Das (Appointed on 23.07.2011)	1
Shri S.B. Budhiraja (Ceased on 23.07.2011)	–

Remuneration Policy

Remuneration of employees largely consists of base remuneration, perquisites, bonus, ex gratia, etc. The components of the total remuneration vary for different cadres/grades are governed by industry pattern, qualification and experience of the employee, responsibilities handled by him, individual performance, etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognise their contribution, retain talent in the organisation, reward merits and protect organisational stability & flexibility.

The Company pays remuneration by way of salary and perquisites to the Managing Director, Joint Managing Director and the Wholetime Directors. The Managing Director, the Joint Managing Director and the Director-cum-Chief Financial Officer are also entitled to receive an annual commission. The salary and the commission is recommended by the Remuneration Committee to the Board of Directors and placed before the shareholders' meeting for approval. The commission payments to the Managing Director, Joint Managing Director and Director-cum-Chief Financial Officer are at the rate of one per cent of the net profit of the Company, subject to a ceiling of ₹150 lacs p.a. each in case of Managing Director, Joint Managing Director and ₹39 lacs p.a. in case of Director-cum-Chief Financial Officer.

The Non-executive Directors are remunerated by way of commission and sitting fees of ₹10,000 for attending each Board of Directors meeting and committee meeting. The aggregate commission payable to the Non-Executive Directors is up to one per cent of the net profit of the Company with a maximum ceiling of ₹25 lacs per annum in such proportion and manner as fixed by the Board of Directors.

Details of remuneration to the Directors for the year ended 31st March, 2012:

Name of the Directors	Salary (₹)	Benefits (₹)	Bonus (₹)	Commission (₹)	Sitting fees (₹)	Total (₹)	Service Contract/ Notice Period/ Severance fees
Shri Naresh Chandra	–	–	–	–	30000	30000	Retire by rotation
Shri Vivek Saraogi	15000000	6064594	–	–	–	21064594	Term of office valid up to 31.03.2014. No notice period and no severance fees.
Smt. Meenakshi Saraogi	15000000	5667737	–	–	–	20667737	Term of office valid up to 31.03.2014. No notice period and no severance fees.
Shri R. K. Choudhury	–	–	–	–	200000	200000	Retire by rotation
Shri R. Vasudevan	–	–	–	–	120000	120000	Retire by rotation
Shri S B Budhiraja	–	–	–	–	30000	30000	Ceased from directorship
Shri R. N. Das	–	–	–	–	80000	80000	Retire by rotation
Shri Kishor Shah	3900000	662634	–	–	–	4562634	Terms of office valid up to 31.03.2013 subject to re-appointment after retirement by rotation. No notice period, no severance fees.
Dr. Arvind Krishna Saxena	1078000	422634	–	–	–	1500634	Term of office valid up to 31.07.2014 subject to re-appointment after retirement by rotation. No notice period, no severance fees.

Note: The contribution to gratuity fund has not been shown in the above table in respect of Managing Directors & Whole time Directors.

Shareholders' Committee

i) Share Transfer Committee

A share transfer committee was constituted to deal with various matters relating to share transfer/transmission, allotment, issue of duplicate share certificates, demat/remat, approving the split and consolidation requests and other matters relating to transfer and registration of shares.

The members of the committee are Shri Vivek Saraogi, Smt. Meenakshi Saraogi, Shri R K Choudhury and Shri Kishor Shah. During the year ended 31st March, 2012, 11 Share Transfer Committee meetings were held.

ii) Shareholders'/Investors' Grievance Committee

The Company constituted the Shareholders'/Investors' Grievance Committee to oversee the redressal of shareholders' and investors' grievances in relation to the transfer of shares, non-receipt of annual report, non-receipt of dividend, etc. The constitution of the Committee was as follows:

Shri R K Choudhury, Chairman, Independent Non-executive

Shri Vivek Saraogi, Member, Promoter, Executive

Shri R Vasudevan, Member, Independent Non-executive

Shri R N Das, Member, Independent Non-executive

Shri S B Budhiraja ceased as member of the Shareholders'/Investors' Grievance Committee w.e.f. 23rd July, 2011. Shri R Vasudevan and Shri R N Das were appointed as member of the Committee on 23rd July, 2011.

During the year ended 31st March, 2012, two Shareholders'/Investors' Grievance Committee meetings were held on 13th May, 2011 and 30th January, 2012.

Compliance Officer

The Board designated Shri S.K. Agrawala, Company Secretary as the Compliance Officer.

Details of shareholders' complaints received

A total of 169 number of complaints/correspondence were received and replied to the satisfaction of the shareholders during the year ended 31st March, 2012. There were no outstanding complaints as on 31st March, 2012. 1322 shares were pending for transfer as on 31st March, 2012.

General Body Meeting

Location and time, where last three Annual General Meetings were held are given below:

Accounting Year	Date	Location of the Meeting	Time	Special Resolution passed
2007-08	30.01.2009	Kalakunj, 48, Shakespeare Sarani, Kolkata – 700 017	3.00 p.m.	1. Appointment of Dr. Arvind Krishna Saxena as Wholetime Director. 2. Payment of Commission to Non-Executive Directors.
2008-09	29.01.2010	Kalakunj, 48, Shakespeare Sarani, Kolkata – 700 017	2.30 p.m.	1. Payment of Commission to Non-Executive Directors.
2009-11 (18 months period)	23.07.2011	Kalakunj, 48, Shakespeare Sarani, Kolkata – 700 017	10.30 a.m.	1. Re-appointment of Smt. Meenakshi Saraogi as Jt. Managing Director. 2. Payment of Enhanced remuneration and re-appointment of Shri Vivek Saraogi as Managing Director. 3. Payment of enhanced remuneration and re-appointment of Shri Kishor Shah as Director-Cum-Chief Financial Officer.

No special resolution was passed through ballot at the last AGM and no special resolution is proposed to be conducted through postal ballot at the forthcoming AGM to be held on 7th August, 2012.

Disclosure

i) The Company does not have any related party transactions, which may have potential conflict with the interests of the Company at large. However, disclosure of transactions with related parties is set out in the Notes to Accounts, forming part of the Annual Report.

ii) The Company has followed the guidelines of Accounting Standards prescribed under the Companies (Accounting Standard) Rules, 2006 in preparation of its financial statements.

iii) The Company laid down Risk Assessment and Minimization procedures and the same is periodically reviewed by the Board. Further, the Company has adequate internal control systems to identify the risk at appropriate time and to ensure that the executive management controls the risk in properly defined framework.

iv) The Company has no material unlisted Indian subsidiary company as defined in the Clause 49 of the Listing Agreement.

v) The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures were imposed against it during the last three years.

vi) Shri R.K. Choudhury, Non-Executive Director hold 35,500 equity shares of the Company as on 31st March, 2012.

Means of Communication

i) A half-yearly report was not sent to each household of shareholders. Shareholders were intimated through the press and the Company's website www.chini.com about the quarterly performance and financial results of the Company.

ii) The quarterly and annual results were published in the leading English and Bengali newspapers such as the Economic Times, Business Standard, Dainik Lipi and Arthik Lipi.

iii) As per Clause 52 of the Listing Agreement with stock exchanges, certain documents/information such as quarterly/annual financial results, shareholding pattern and corporate governance are accessible on the website www.corpfiling.co.in.

iv) Presentations were also made to the media, analysts, institutional investors, fund managers, etc. from time to time. Such presentations are also posted on the Company's website.

v) The Company has designated following email-id exclusively for redressal of the investor grievances and the necessary disclosure to this effect has also been made in the Company's website www.chini.com : investorgrievances@bcml.in

vi) The Company sends reminders for the unpaid dividend to the shareholders every year.

vii) The Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

General Shareholders' Information

Annual General Meeting

Date and Time	: 7th August, 2012 at 10.00 A.M.
Venue	: Kalakunj, 48, Shakespeare Sarani, Kolkata – 700 017

Financial Year

The financial year of the Company is from 1st April to 31st March every year.

Financial year calendar for 2012 – 13 (Tentative)

Results for the quarter ending 30th June, 2012	–	1st week of August, 2012
Results for the quarter ending 30th September, 2012	–	1st week of November, 2012
Results for the quarter ending 31st December, 2012	–	1st week of February, 2013
Results for the quarter ending/Annual 31st March, 2013	–	4th week of May, 2013

Book Closure Date

31st July, 2012 to 7th August, 2012 (both days inclusive) on account of AGM.

Listing of Equity Shares on Stock Exchanges at

i) National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra – Kurla Complex, Bandra (E)
Mumbai 400 051

ii) Bombay Stock Exchange Ltd.
The Corporate Relationship Department
Rotunda Building, PJ. Towers, Dalal Street
Fort, Mumbai 400 001.

iii) The Calcutta Stock Exchange Ltd.
7 Lyons Range, Kolkata 700 001
[Application for delisting has been made].

Listing Fees

Listing fee for the year 2011–12 has been paid to the NSE, BSE & CSE.

Depositories

i) National Securities Depository Ltd.
Trade World, 4th Floor, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai 400 003

ii) Central Depository Services (India) Ltd.
Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street
Mumbai 400 023

Stock Code

- NSE symbol for BCML is BALRAMCHIN
- BSE code for BCML is 500038
- CSE code for BCML is 12012
- ISIN number for BCML is INE119A01028

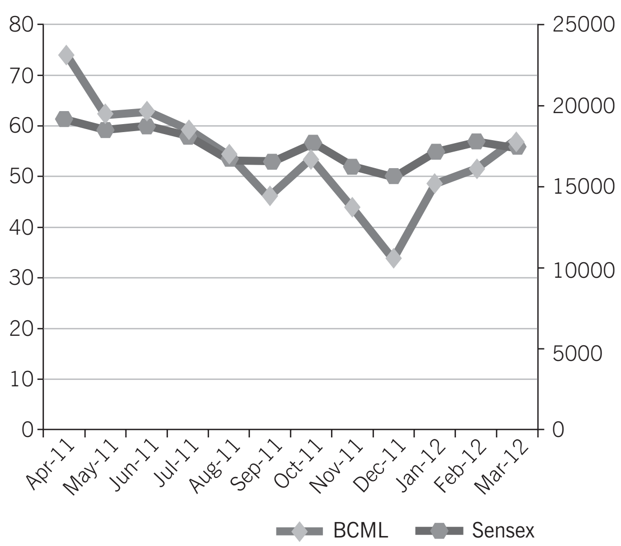
Reuters Code

NSE – BACH.NS and BSE – BACH.BO

Stock Market Data (Face Value of ₹1/- each)

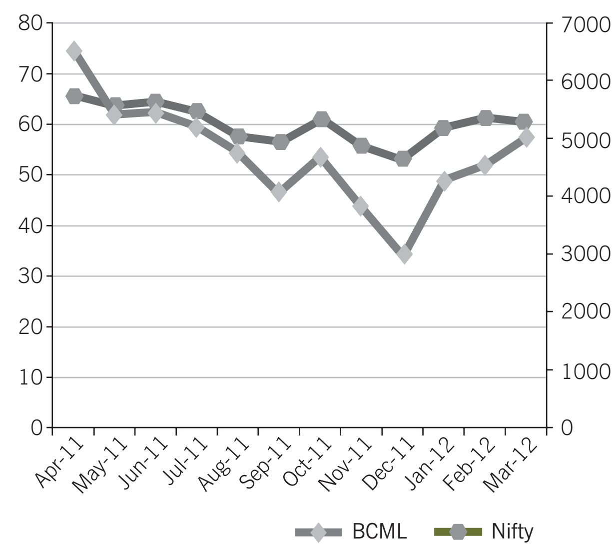
Months	National Stock Exchange (NSE)			Bombay Stock Exchange (BSE)		
	Month's High Price (₹)	Month's Low Price (₹)	Volume (Numbers)	Month's High Price (₹)	Month's Low Price (₹)	Volume (Numbers)
April 2011	77.60	70.00	24324408	77.40	70.10	2838421
May 2011	75.10	56.20	20932269	75.00	56.25	2972976
June 2011	64.60	56.25	23702407	64.40	56.30	2798069
July 2011	67.00	59.30	19810288	66.95	58.55	3072405
August 2011	60.50	51.55	27842215	61.10	51.50	3937708
September 2011	55.95	44.80	27408454	55.60	43.90	2776118
October 2011	56.65	43.50	37605838	56.50	43.50	4619013
November 2011	54.25	41.45	28210859	54.15	41.50	4020208
December 2011	45.40	32.55	23779358	45.45	32.70	2979058
January 2012	49.00	33.60	33306318	48.75	33.60	7504444
February 2012	55.00	46.40	26938152	59.20	46.40	4441658
March 2012	58.10	50.80	31617568	58.45	50.90	4950528

Movement of BCML Share Price vs BSE SENSEX



The graph is made on the basis of monthly closing price of BCML and monthly closing value of SENSEX.

Movement of BCML Share Price vs NSE S&P CNX NIFTY



The graph is made on the basis of monthly closing price of BCML and monthly closing value of Nifty.

Share Price Performance

Financial year	BSE Sensex		NSE S & P CNX Nifty	
	% Change in BCML Share Price	% Change in Sensex	% Change in BCML Share Price	% Change in Nifty
2011-12	–18.73	–10.50	–18.27	–9.23

Share Transfer System

At present, the share transfers which are received in physical form are normally put into effect within a maximum period of 30 days from the date of receipt and demat requests are confirmed within a maximum period of 15 days. The Company provides investor and depository services in-house through its Secretarial Department.

Distribution of Shareholding as on 31st March, 2012 (Face Value: ₹1/- each)

Share Holding Range	Demat mode			Physical mode			Total			
	Holders	Shares	% of Total Shares	Holders	Shares	% of Total Shares	Holders	% of Total Holders	Shares	% of Total Shares
Up to 5000	109671	28514993	11.67	16447	1851441	0.76	126118	99.04	30366434	12.43
5001 - 10,000	548	3945121	1.61	45	305920	0.12	593	0.47	4251041	1.74
10,001 -50,000	426	9352654	3.83	31	568060	0.23	457	0.36	9920714	4.06
50,001-100,000	54	3841690	1.57	1	74820	0.03	55	0.04	3916510	1.60
100,001-500,000	63	13850170	5.67	1	284850	0.12	64	0.05	14135020	5.79
500,001-1,000,000	11	7156322	2.93	–	–	–	11	0.01	7156322	2.93
1,000,001 and above	40	174567882	71.45	–	–	–	40	0.03	174567882	71.45
Total	**110813**	**241228832**	**98.74**	**16525**	**3085091**	**1.26**	**127338**	**100.00**	**244313923**	**100.00**

Pattern of Shareholding as on 31st March, 2012 (Face Value: ₹1/- each)

Category	No. of Shares	% of Holding
Promoters' group	97999890	40.11
Financial Institutions, Insurance Companies, Banks and Mutual Funds etc.	36624083	14.99
Foreign Institutional Investors & Foreign Financial Institution/Banks	36684786	15.02
Private Corporate Bodies	17409447	7.13
NRIs	1078461	0.44
Trusts	1418753	0.58
Clearing Members	1418521	0.58
Indian Public	51679982	21.15
Total	**244313923**	**100.00**

Status of Unpaid Dividend from financial year 2004-05

Dividend for the year	Amount of Dividend (₹ in lacs)	Amount of Unpaid Dividend as on 31.03.2012 (₹ in lacs)	% of Dividend Unpaid	Due date of transfer to IEPF
2004-05	3708.83	16.61	0.45	29th August, 2012
2005-06* (Interim)	4963.08	17.13	0.35	17th June, 2013
2005-06* (Final)	3722.32	33.79	0.91	18th February, 2014
2007-08	1277.68	9.25	0.72	9th March, 2016
2008-09	7752.09	45.94	0.59	8th March, 2017
2008-09#	1.32	0.80	60.61	1st October, 2017
2009-11*	1852.05	15.12	0.82	30th August, 2018

**18 months period.*

 # payment to shareholders of Indo Gulf Industries Ltd. pursuant to Rehabilitation Scheme approved by Hon'ble BIFR vide order dated 24.06.2010.

Note : *During the year ended 31st March, 2012 the Company has transferred unpaid dividend for the financial year 2003-04, amounting to ₹7.05 lacs to the Investor Education and Protection Fund (IEPF) of the Central Government.*

Dematerialisation of Shares

Around 98.74% of the Share Capital is held in dematerialised form with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Ltd. (CDSL) as on 31st March, 2012.

GDR

As there was no outstanding Global Depository Receipts [GDRs], the Luxembourg Stock Exchange has de-listed these GDRs from the Luxembourg Stock Exchange with effect from 5th December, 2011.

Plant Location

Unit 1 : Balrampur (Sugar, Co-generation, Distillery and Organic Manure units), Dist: Balrampur, Uttar Pradesh.

Unit 2 : Babhnan (Sugar, Co-generation, Distillery & Organic Manure units), Dist: Gonda, Uttar Pradesh

Unit 3 : Tulsipur (Sugar Unit), Dist: Balrampur, Uttar Pradesh

Unit 4 : Haidergarh (Sugar and Cogeneration units), Dist.Barabanki, Uttar Pradesh.

Unit 5 : Akbarpur (Sugar and Co-generation units), Dist. Ambedkarnagar, Uttar Pradesh.

Unit 6 : Mankapur (Sugar, Co-generation, Distillery and Organic Manure units), Dist: Gonda, Uttar Pradesh.

Unit 7 : Rauzagaon (Sugar and Co-generation units) Dist: Faizabad, Uttar Pradesh.

Unit 8 : Kumbhi (Sugar and Co-generation units), Dist: Lakhimpur-Kheri, Uttar Pradesh.

Unit 9 : Gularia (Sugar and Co-generation units), Dist: Lakhimpur–Kheri, Uttar Pradesh.

Unit 10 : Maizapur (Sugar Unit), Dist: Gonda, Uttar Pradesh.

Investors' Correspondence

Mr. S.K. Agrawala, Company Secretary
Balrampur Chini Mills Ltd.
"FMC Fortuna", 2nd Floor
234/3A, A.J.C. Bose Road
Kolkata – 700 020
Phone : (033) 2287 4749
Email – santoshk.agrawala@bcml.in

Non-mandatory requirements:

i) The Company shall take a decision on the maximum tenure of Independent Directors on the Board of Company at an appropriate time.

ii] The Company has set up a Remuneration Committee in May 2005. The Remuneration Committee recommends to the Board of Directors regarding remuneration payable to the Executive Directors and also administers the Employee Stock Option Scheme [ESOS].

iii) The quarterly/half-yearly results are published in the newspapers and hosted on the Company's website www.chini.com and Corp Filing website www.corpfiling.co.in.

iv] The Company is always striving towards ensuring the unqualified financial statements.

v] The Company has not yet adopted any system of training for its Board members or performance evaluation of its Non-Executive Directors.

Code of Conduct

The Company has adopted a code of conduct for its Board of Directors and Senior Management personnel and the same has been posted on the Company's website.

Declaration by the Managing Director on the Code of Conduct

Pursuant to Clause 49 of the Listing Agreement with stock exchanges, I, Vivek Saraogi, Managing Director of Balrampur Chini Mills Limited, declare that all the Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct during the year ended 31st March, 2012.

Vivek Saraogi

Place: Kolkata
Date: 28th May, 2012.

(Vivek Saraogi)
Managing Director

CEO/CFO Certification

The Board of Directors
Balrampur Chini Mills Limited
Kolkata.

Re : Financial Statements for the year ended 31st March, 2012 –
Certification by Managing Director and Director-cum-Chief Financial Officer.

We, Vivek Saraogi, Managing Director and Kishor Shah, Director-cum-Chief Financial Officer, of Balrampur Chini Mills Limited, on the basis of the review of the financial statements and the cash flow statement for the year ended 31st March, 2012 and to the best of our knowledge and belief, hereby certify that :-

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2012 which, are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies in the design or operation of such internal controls of which, we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the Auditors and the Audit Committee:
   (a) there have been no significant changes in internal control over financial reporting during this year.
   (b) there have been no significant changes in accounting policies during this year.
   (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Place: Kolkata	**Kishor Shah**	**Vivek Saraogi**
Date: 28th May, 2012.	*Director-cum-Chief Financial Officer*	*Managing Director*

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
Balrampur Chini Mills Limited

We have examined the compliance of the conditions of Corporate Governance by Balrampur Chini Mills Limited for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

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

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

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

For **G.P. Agrawal & Co.**
Chartered Accountants
F.R. No. 302082E

(CA. Ajay Agrawal
Membership no. 17643)
Partner

Place: Kolkata
Date: 28th May, 2012.

SECTION 212

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Company's interest in subsidiary companies during the year ended 31st March, 2012

1	Name of the subsidiary company	Indo Gulf Industries Ltd.	Balrampur Overseas Pvt. Ltd.
2	The financial year of the subsidiary company ends on	31st March, 2012	31st March, 2012
3	Date from which they became subsidiary company	30th August, 2007	11th October, 2007
4	Holding company's interest	51,62,470 equity shares of ₹1 each fully paid up	20,00,000 equity shares of Hong Kong $ 1 each fully paid up
5	Extent of holding	53.96%	100%
6	The net aggregate amount of the subsidiary company profit/ loss so far as it concerns the members of the holding company		
	A. Not dealt with in the holding company's accounts:		
	i) For the financial year ended 31st March, 2012	(₹75.10 lacs)	(HK $ 0.74 Lacs)
	ii) For the previous financial years of the subsidiary company since they became the holding company's subsidiary	(₹1720.92 lacs)	HK $ 17.78 lacs
	B. Dealt with in the holding company's accounts:		
	i) For the financial year ended 31st March, 2012	Nil	Nil
	ii) For the previous financial years of the subsidiary company since they became the holding company's subsidiary	Nil	Nil

Financial Information of Subsidiary Companies

Name of the Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Invest-ments	Turnover/ Total Income	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) After Taxation	Proposed Dividend	Country
Indo Gulf Industries Ltd.	INR (Lacs)	95.67	(634.21)	233.26	233.26	–	0.93	(75.10)	–	(75.10)	–	India
Balrampur Overseas Pvt. Ltd.	INR (Lacs)	131.22	13.40	145.92	145.92	–	0.26	(4.56)	–	(4.56)	–	Hong Kong
	HK$ (Lacs)	20.00	2.04	22.24	22.24		0.04	(0.74)		(0.74)		

As at 31.03.2012, 1 HK $ = ₹6.56111, Average for the year 2011-12, 1 HK $ = ₹6.1456.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 28th May, 2012.

S.K. Agrawala
Company *Secretary*

Kishor Shah
Director cum Chief Financial Officer

Vivek Saraogi
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and development

India's sugar industry is the world's second-largest in the world; within the country, it is the second-largest agro-based industry (after cotton). The industry plays a pivotal role in rural economic development, supporting over about 50 million sugarcane farmer, dependents and agricultural labourer. Some 671 sugar mills affect nearly 7.5% of India's rural population. The industry employs about 0.5 million skilled and semi-skilled workers.

After two consecutive years of decline in sugar production (SY2008/09 and SY2009/10), production rebounded in SY 2010/11 and is likely to increase in 2011/12. Sugarcane production in India increased from 292.30 mn tonnes in 2009-10 to 342.38 million tonnes in 2010-11 and is expected to surge to 347.87 million tonnes in 2011-12.

India's centrifugal sugar production increased from 18.91 million tonnes in SY2009-10 to 24.39 million tonnes in SY2010-11 and is expected to be 26.0 million tonnes in SY2011-12.

Higher cane prices resulted in higher cane acreage in the country which increased from 4.17 million hectares in SY2009-10 to 4.94 million hectares in SY2010-11 to 5.03 million hectares in SY2011-12.

India is the world's biggest sugar consumer, with a population of 1.2bn consuming one-third more sugar than the EU combined and 60% more than China. Robust growth, followed by a surge in population growth is expected to drive India's sugar consumption. Bulk consumers (soft drink manufacturer, bakeries, confectionary, hotel and restaurant consumer) account for 60 percent of India's mill sugar demand.

Due to a fall in sugarcane and sugar production in the earlier year, India increased support prices that mills were required to pay farmers in SY 2010-11 by as much as ₹31.76/qtl to ₹139.12/qtl with the objective to widen acreage. The Fair Remunerative Price (FRP) for the 2011-12 season was raised by ₹5.88 to ₹145 / qtl. The state-advised price in UP increased from ₹205 per qtl in 2010-11 to ₹240 per qtl in 2011-12 resulting in a cost pressure.

By-products

In sugar manufacture, the major by-products comprise molasses, bagasse and press mud. They account for about 40 percent of crushed sugar cane by weight. India has achieved considerable progress utilising these by-products. Currently, sugar mills have adopted an integrated business model that revolves around an effective utilisation of by-products, including molasses and bagasse and invested extensively in the last few years.

The integrated model generates enhanced realisations, lower cyclicality and optimum resource utilisation. This leads to the generation of power and green fuel with a positive impact on the environment.

Co-generation: In the last 15 years, 1,952.53 MW of bagasse cogeneration projects were commissioned in India especially in Andhra Pradesh, Karnataka, Tamil Nadu, Chattishgarh, Maharashtra, Punjab, Rajasthan and Uttar Pradesh. India's working sugar mills crush around 240 million tonnes of cane and generate 80 million tonnes of wet bagasse (50% moisture), of which they consume around 70 million tonnes for meeting captive requirements. Thus, electricity production through cogeneration in sugar mills in India is an important source for low-cost, non-conventional power. Presently, India has around 206 cogeneration units with a cumulative installed exportable capacity of 3,123 MW (peak season). Besides, India has a potential of generating 4500 MW of power through bagasse.

Alcohol: Alcohol can be commercially produced from sugar and starch-based feedstock. While grain and tuber-based alcohol is primarily used for producing potable alcohol because of its high cost of production, molasses is the dominant feedstock used for potable, industrial and blending. It has been estimated that about 95% of molasses produced in India is used producing of alcohol. The installed capacity of the Indian industrial alcohol industry is around 4200 million litres. During 2010-11, distilleries cumulatively produced 2449.9 million litres of rectified spirit against 1912.9 million litres in 2009-10; this is estimated at 2800 million litres in 2011-12.

Ethanol: Sugarcane is generally regarded as one of the most efficient sources of biomass for biofuel (ethanol) production. Ethanol (ethyl alcohol) is an alcohol produced by fermenting and distilling starch crops that have been converted into simple sugar. Ethanol can be produced from any biological feedstock that contains appreciable amounts of sugar or materials that can be converted into sugar such as starch or cellulose. Globally, sugarcane is the primary feedstock source (Brazil, El Salvador, Guatemala, Colombia, India). Ethanol production is generally segmented into three major types: fuel ethanol, applications for industrial products and alcoholic beverages. Ethanol is used in the chemical industry as solvents as well as manufacturing industrial products like detergents, paint, varnish and cosmetics. Ethanol is also used to produce vinegar, alcoholic beverages and medical applications. Global ethanol production was 23,013 billion gallons in 2010 against 20,300 billion gallons in 2009 and is expected to reach 22,356 billion gallons in 2011.

India is the world's fifth-largest primary energy consumer and fourth-largest petroleum consumer.. Growing population and rapid socio-economic development catalysed an increase in energy consumption. Given limited domestic energy resources, most energy requirements are met through imports, resulting in a large proportion of the national exchequer in importing petroleum products.

India produces conventional bio-ethanol from sugar molasses. The production of advanced bio-ethanol is still in the research and development phase. India's 330 distilleries have a capacity to produce 4.20 billion litres of rectified spirit (alcohol) per year. Of the total distilleries, about 115 distilleries possess the capacity to distill 1.8 billion litres of conventional ethanol a year, sufficient to meet the 5 per cent blending mandate.

Organic manure: Press mud accounts for around 3%-5% of the sugar cane crushed. Sulphitation press mud is mainly used as manure. The press mud organic manure is free of inorganic elements present in the traditional form of organic manures, commonly used by the farming community. Crops yield good results when applied during early land preparation. It increases soil porosity and helps the crop in the uptake of chemical fertilisers (NPK).

Opportunities and threats

Strengths

- India is the world's second-largest producer of sugar after Brazil
- The sugar industry paid well over ₹600 billion to sugarcane growers in the financial year 2011-12
- Annual tax contribution to the exchequer is around ₹2200 crore by way of excise duty
- Provides direct employment including ancillary activities to near by around 0.5 million worker
- It supports downstream industries by providing raw materials
- This sector has been the focal point of socio-economic development in rural India

Opportunities

- High value of by-products for downstream industries
- Huge potential to increase the productivity of cane and sugar recovery rate
- Technology upgradation, new advanced technology available for by-product utilisation
- Government effort to make ethanol blending mandatory

Industry threats and challenges

Threats

- The government's policies regarding cane pricing, release mechanism and quota crippled industry growth
- Quality of soil deteriorates due to overuse of fertilisers and pesticides to increase sugarcane yield
- Unhealthy competition between members of the society
- Industry cyclicality

Challenges

- High production cost resulting in idle capacities and water availability for irrigation
- Most of the sugar factories are more then 30 year old and still use old technology. Low installed production capacity leads to a sub-optimal production and losses
- Growing sugarcane prices.

Outlook

Please refer to the Directors' Report.

Segment-wise or product-wise performance@

Sugar: Sugar segment's total revenues constitute the largest share of aggregate revenues. The segment contributed 84.08% of the Company's total turnover in the year under review compared with 84.57% in 2009-11.

Alcohol: Total revenue from the alcohol segment contributed 6.37% of the Company's revenue in the year under review compared with 5.36% in 2009-11.

Co-generation: Total revenue from this segment contributed 9.44% of the Company's revenue in the year under review compared with 9.94% in 2009-11.

Organic manure: Total revenue from this segment contributed 0.12% of the Company's revenue in the year under review compared with 0.13% in 2009-11.

Segment-wise revenue @

(₹ in crores)

Products	September 2008	September 2009	March 2011*	March 2012
Sugar	1128.87	1445.64	2522.64	1950.32
Alcohol	168.26	131.17	159.97	147.70
Cogeneration	175.52	125.60	296.48	218.86
Organic manure	1.52	2.56	3.78	2.69
Total	**1474.17**	**1704.97**	**2982.87**	**2319.57**

* *18 months period*

@ *Revenue denotes net of intersegment sales.*
Ratio has been arrived at after annualising the previous period figures of 18 months.

Risks and concerns

Risk is an inherent aspect of any business. The risk profile depends on economic and business conditions, and the markets and customers served. Risks are both internal and external, some of which can be anticipated while others cannot. The Company adopted a Risk Management Policy which systematically evaluates business risks and policy compliances on an on-going basis. The Board is appraised of the Risk Management Policy and mitigation plans. Some associated risks include the following:

An unfavourable industry scenario could dampen the prospects of the Company.

Mitigation:

The Indian sugar industry is passing through a challenging phase, marked by an increase in sugar production and costs on the one hand and stagnant realisations on the other. However, the long-term prospects appear attractive on account of a low per capita consumption of around 21kg vis-à-vis 62 kg in a country like Brazil with similar demographics. The by-products derived from sugar manufacture enjoy attractive downstream possibilities in terms of demand, revenues and profits.

Unfavourable government policies and industry cyclicality could affect the Company's performance.

Mitigation:

- The Company invested in an integrated business model to counter cyclicality.
- The Company's non-sugar revenues increased from 15.43% of revenues in 2009-11 to 15.93% in 2011-12. The government reiterated its ethanol blending programme at 5%.
- The government increased the sale price of bagasse-based power from ₹3 per unit 2003-04 to ₹4 per unit and for coal-based power during the off-season at ₹5.02 per unit. The open access of power sale during the off-season was allowed upto 50%.
- The Company responded to challenging government regulations through enhanced efficiency, reflected in superior recovery (9.54% during 2011-12 against UP average of 9.40%).

Owing to the adverse climatic scenario and high cane arrear, the Company may not be able to procure adequate raw material to sustain production.

Mitigation:

The Company assisted farmers in enhancing their sugarcane production through high-yielding seeds, ongoing cane disease management and timely remuneration.

An inappropriate manufacturing location could reduce sucrose recovery.

Mitigation:

- The Company has access to one of the largest command areas in eastern Uttar Pradesh, resulting in adequate cane availability.
- The Company's units are proximate to state and national highways (35 km), resulting in efficient raw material access. The Company's command areas enjoy a strong network of sub-roads, leading to main roads and state highways, resulting in faster sugarcane collection.

The Company's inability to procure adequate low-cost funds could affect growth.

Mitigation:

- The Company's debt-equity ratio was 0.63 and interest cover 1.80 as on 31st March, 2012.
- The average cost of the long-term debt on the Company's books was 8.85% in 2011-12
- The Company enjoyed ₹1181.71 cr of free reserves (as on 31st March, 2012).
- The Company enjoyed an access to funds through a three-bank multiple banking.

Internal control systems and their adequacy

The Company has a proper and adequate internal control system, commensurate with its nature of business and the size of operations, to ensure smooth functioning and safeguards assets against unauthorised use. Its comprehensive system of internal control confirms correct recording and reporting of transactions as well as ensures optimal and efficient use of resources. Such controls, subject to periodical review, also ensure efficiency of operations, accuracy and promptness of financial reporting, besides complying with applicable laws and regulations.

An effective and systematic internal audit system exists, commensurate with the requirements of the Company. The Audit Committee of the Board of Director comprises a majority of Independent Director, who oversee the functions of internal audit, review the reports and monitor implementation of suggestions. The Audit Committee periodically interacts with the Statutory Auditor and Internal Auditor about the adequacy and efficacy of internal audit systems.

Financial performance

Capital structure

The Company's equity capital was ₹24.43 crores as at 31st March, 2012 compared to ₹25.63 crores as at 31st March, 2011. This is in consequence of extinguishment of equity shares after buy back by the Company. The Company's share capital comprises 24,43,13,923 equity shares of ₹1 each (fully paid up) as on 31st March, 2012.

Reserve and surplus

Reserves and surplus reduced by 5.54% from ₹1,263.73 crores to ₹1,193.68 crores mainly on account of buy-back of equity shares of the Company.

During the year under review, revaluation reserve, capital reserves and securities premium account remained unchanged The capital redemption reserve increased to ₹26.54 crores from ₹25.34 crores owing to a transfer from general reserve following the buyback of shares. The Company's share option outstanding account reduced marginally by 2.05%, from ₹1.12 crores to ₹1.10 crores. This was on account of lapse of employee stock options. The free reserves of the Company at the end of March, 2012 stood at ₹1181.71 crores and comprises nearly 99% of the total reserves and surplus.

Loan profile

The borrowed funds of the Company reduced marginally 1.73%, from ₹2,006.69 crores to ₹1,984.48 crores mainly on account of working capital loans. The working capital loans stood at ₹1221.22 crores, comprising of 61.54% of total debt.

Capital employed

The capital employed by the Company in the business as at 31st March, 2012 stood at ₹3,202.59 crores as compared to ₹3,296.05 crores in as at 31st march 2011. The Company's ROCE during the period under review stood at 8.19%.

Gross block and depreciation

The gross block of the Company increased marginally from ₹2506.69 crores to ₹2512.10 crores as at March, 2012, owing to normal capex. The Company provided ₹110.78 crores on account of depreciation during the year under review. Accumulated depreciation, as a percentage of gross block, stood at 35.79%.

Non-current Investments

Cumulative non-current investments increased from ₹3.61 crores to ₹44.25 crores owing to Investments made in debentures of Visual Percept Solar Projects Pvt. Ltd.

Long-term loans and advances

Long-term loans and advances increased marginally from ₹60.61 crores to ₹62.09 crores mainly due to increase in capital advances against purchase of fixed assets.

Other non-current assets

Other non-current assets reduced from ₹1.38 crores to ₹0.85 crores mainly due to liquidation of fixed deposits.

Inventories

Inventories increased substantially from ₹1491.31 crores to ₹1997.79 crores, owing to the stock of finished goods inventory and other by-products in view of higher production as well as increase in cost of production of sugar.

Trade receivables

Trade receivables increased from ₹89.88 crores to ₹146.96 crores. Of the total trade receivables, ₹0.98 crores of debt was more than six months old.

Short-term loans and advances

Short-term loans and advances reduced marginally from ₹166.35 crores to ₹159.12 crores.

Other current assets

Other current assets increased 36.88% from ₹126.47 crores to ₹173.11 crores which was mainly on account of increase in claims receivable.

Human resources

The Company's strength is derived from employee's involvement and team orientation. The Company believes that a committed and motivated work force constitutes the most important factor in achieving business goal. The Company is committed to equal employment opportunities to attract the best available talent and to ensure a cosmopolitan work force. It pursues management practices designed to enrich the quality of life of its employees, develop their potential and maximise their productivity. The Company's total employee strength was 5445 employees as on 31st March, 2012. The relation between the management and employees continued to be cordial.

Cautionary statement

Statements made in this report describing industry outlook as well as the Company's plans, policies and expectations may constitute "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

AUDITOR'S REPORT

To the members of
Balrampur Chini Mills Limited

1. We have audited the attached Balance Sheet of **BALRAMPUR CHINI MILLS LIMITED** as at 31st March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.

   d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in compliance with the applicable Accounting Standards referred to in Section 211 (3C) of the Act.

   e) On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors of the Company, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-Section (1) of Section 274 of the Act.

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,

      ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date, and

      iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **G. P. Agrawal & Co.**
Chartered Accountants
F.R. No. 302082E

(CA. Ajay Agrawal
Membership No. 17643)
Partner

Place: Kolkata
Date: 28th May, 2012.

Annexure to the Auditor's Report

Statement referred to in our report of even date to the members of BALRAMPUR CHINI MILLS LIMITED on the accounts for the year ended 31st March, 2012.

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

b) As explained to us, the Company has a programme of physically verifying all its fixed assets once in a period of three years, and in accordance therewith, major portion of fixed assets were physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its business. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

c) During the year, the Company has not disposed off substantial part of its fixed assets.

ii) a) The inventories have been physically verified during the year by the management at reasonable intervals.

b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

c) On the basis of our examination, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.

iii) a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

b) As the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act, clauses (iii) (b) to (iii)(d) of paragraph 4 of the said order are not applicable to the Company.

c) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

d) As the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act, clauses (iii) (f) and (iii) (g) of paragraph 4 of the said order are not applicable to the Company.

iv) On the basis of the information and explanation given to us, we are of the opinion that the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.

v) a) According to the information and explanations given to us, there is no contract or arrangement that needs to be entered in the register required to be maintained under Section 301 of the Act.

b) As the Company has not entered into any contract or arrangement that needs to be entered in the register required to be maintained under Section 301 of the Act, clause (v)(b) of paragraph 4 of the said order is not applicable to the Company.

vi) The Company has not accepted any deposit within the meaning of Section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.

vii) In our opinion, the internal audit system of the Company is commensurate with the size of the Company and the nature of its business.

viii) We have broadly reviewed the books of account maintained by the Company in respect of products where pursuant to the rules made by the Central Government, the maintenance of Cost records has been prescribed under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We, however, as not required, have not made a detailed examination of such records.

ix) a) On the basis of our examination, the Company is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess, Investor Education and Protection Fund, Wealth Tax and other statutory dues with appropriate authorities and no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2012 for a period of more than six months from the date of becoming payable. On the basis of our information, the provisions of Employees' State Insurance Act are not applicable to the Company.

b) The disputed statutory dues aggregating to ₹ 352.35 lacs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl. No.	Name of the statute	Nature of dues	Period to which pertain	Amount (₹ in Lacs)	Forum (Where the dispute is pending)
1	Central Excise Act, 1944	Cenvat Credit	2005-07	15.69	Addl. Commissioner - Allahabad
2	Central Excise Act, 1944	Cenvat Credit	2006-10	4.23	Commissioner (Appeals) Central Excise - Allahabad
3	Central Excise Act, 1944	Excise Duty	2003-04	1.13	Commissioner of Central Excise (Appeals) - Allahabad
4	Central Excise Act, 1944	Excise Duty	2003-04	6.57	CESTAT - New Delhi
5	Central Excise Act, 1944	Excise Duty	2003-04	3.08	High Court - Allahabad

Sl. No.	Name of the statute	Nature of dues	Period to which pertain	Amount (₹ in Lacs)	Forum (Where the dispute is pending)
6	Central Excise Act, 1944	Excise Duty	2007-08	2.88	Jt. Commissioner of Central Excise - Allahabad
7	Central Excise Act, 1944	Excise Duty	2006-07	5.75	Jt. Commissioner of Central Excise - Allahabad
8	Central Excise Act, 1944	Excise Duty	2006-07	1.25	Commissioner (Appeals) - Allahabad
9	Central Excise Act, 1944	Excise Duty	2007-08	4.82	Commissioner (Appeals) - Allahabad
10	Central Excise Act, 1944	Excise Duty	2009-10	4.91	Asst. Commissioner - Sitapur
11	Central Excise Act, 1944	Excise Duty	2011-12	0.61	CESTAT- New Delhi
12	Central Excise Act, 1944	Excise Duty	2009-10	34.72	High Court Allahabad - Lucknow Bench
13	Central Excise Act, 1944	Excise Duty	2003-05	82.16	Jt. Commissioner (Adj.) Central Excise - Allahabad
14	Finance Act, 1994	Service Tax	2006-08	2.13	CESTAT - New Delhi
15	Central Excise Act, 1944	Cenvat Credit	2010-11	1.63	Commissioner (Appeals) Central Excise - Allahabad
16	Central Excise Act, 1944	Cenvat Credit	2011-12	0.57	Superindent. Central Excise - Gonda
17	Entry Tax Act, 2008	Entry Tax	2010-11	8.00	Jt. Commissioner Commercial Taxes
18	Sugar Incentive Scheme, 2004 of U.P. Govt.	Entry Tax	2007-08	14.63	High Court – Lucknow
19	The Indian Stamp Act, 1899	Stamp Duty	2002	5.29	High Court – Lucknow
20	The Indian Stamp Act, 1899	Stamp Duty	2009	68.76	District Magistrate – Barabanki
21	The Indian Stamp Act, 1899	Stamp Duty	1992	5.09	District Magistrate – Barabanki
22	The Indian Stamp Act, 1899	Stamp Duty	1997,1999 & 2008	44.50	High Court Allahabad - Lucknow Bench
23	The Indian Stamp Act, 1899	Stamp Duty	1995-96	12.60	High Court Allahabad - Lucknow Bench
24	The Indian Stamp Act, 1899	Stamp Duty	1994	19.32	High Court Allahabad - Lucknow Bench
25	U.P.Trade Tax Act, 1948	Sales Tax	1990-91	0.22	High Court
26	U.P.Trade Tax Act, 1948	Sales Tax	2002-03	0.65	Jt. Commissioner (Appeal)
27	U.P.Trade Tax Act, 1948	Sales Tax	2007-08	0.89	Asst. Dy. Commissioner
28	Entry Tax Act, 2000	Entry Tax	2007-08	0.27	Asst. Dy. Commissioner
	Total			**352.35**	

x) The Company has no accumulated losses and has not incurred any cash loss during the year covered by our audit or in the immediately preceding financial period.

xi) The Company has not defaulted in payment of dues to a financial institution or bank or debenture- holders.

xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.

xiii) The provisions of any special statue applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.

xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in securities. The Company has maintained proper records of transactions and contracts in respect of shares, securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the Company in its own name.

xv) On the basis of our examination and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from bank or financial institution.

xvi) On the basis of our examination and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term purposes.

xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

xix) The Company has not issued any debentures.

xx) The Company has not raised any moneys by public issue during the year covered by our audit report.

xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements materially mis-stated.

For **G. P. Agrawal & Co.**
Chartered Accountants
F.R. No. 302082E

(C.A. Ajay Agrawal
Membership No. 17643)
Partner

Place: Kolkata
Date: 28th May, 2012.

Balance Sheet As at 31st March, 2012

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2012		As at 31st March, 2011	
I. EQUITY AND LIABILITIES					
1) Shareholders' funds					
a) Share capital	2.1	2443.14		2562.75	
b) Reserves and surplus	2.2	119368.36		127233.62	
c) Shareholders account [Refer note no. 2.29(4)]		–	121811.50	(860.67)	128935.70
2) Non-current liabilities					
a) Long-term borrowings	2.3	49465.65		35430.04	
b) Deferred tax liabilities (net)	2.4	22447.22		22484.78	
c) Other long-term liabilities	2.5	292.93		187.86	
d) Long-term provisions	2.6	1096.01	73301.81	2651.57	60754.25
3) Current liabilities					
a) Short-term borrowings	2.7	122122.15		129001.88	
b) Trade payables	2.8	61708.67		10057.07	
c) Other current liabilities	2.9	41689.02		50099.67	
d) Short-term provisions	2.10	220.92	225740.76	2330.01	191488.63
Total			**420854.07**		**381178.58**
II. ASSETS					
1) Non-current assets					
a) Fixed assets	2.11				
i) Tangible assets		161167.28		170989.09	
ii) Intangible assets		80.97		4.36	
iii) Capital work-in-progress		42.55		608.94	
		161290.80		171602.39	
b) Non-current investments	2.12	4424.94		360.75	
c) Long-term loans and advances	2.13	6208.58		6060.51	
d) Other non-current assets	2.14	84.53	172008.85	138.24	178161.89
2) Current assets					
a) Inventories	2.15	199779.04		149130.58	
b) Trade receivables	2.16	14695.99		8987.83	
c) Cash and bank balances	2.17	1147.42		15616.32	
d) Short-term loans and advances	2.18	15911.85		16635.22	
e) Other current assets	2.19	17310.92	248845.22	12646.74	203016.69
Total			**420854.07**		**381178.58**
Significant accounting policies	1				
Notes to accounts	2				
The notes are an integral part of the financial statements.					

As per our report of even date attached.

For **G. P. Agrawal & Co.**
Chartered Accountants
F. R. No. 302082E

For and on behalf of the Board of Directors

(CA. Ajay Agrawal
Membership No. 17643)
Partner

S. K. Agrawala
Company Secretary

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi
Managing Director

Place: Kolkata
Date: 28th May, 2012.

Statement of Profit and Loss For the year ended 31st March, 2012

(₹ in Lacs)

Particulars	Note No.	Year ended 31st March, 2012		18 months ended 31st March, 2011	
I. Revenue from operations (Gross)	2.20				
Sale of goods (Gross)		239031.15		306321.81	
Less: Excise duty and cess		8076.52		9082.84	
Net sale of goods			230954.63		297238.97
Other operating revenue			–		418.05
Revenue from operations (net)			**230954.63**		**297657.02**
II. Other income	2.21		2773.86		2403.49
III. Total revenue (I+II)			**233728.49**		**300060.51**
IV. Expenses:					
Cost of materials consumed	2.22		226263.21		308525.89
Purchases of stock-in-trade	2.23		–		9893.68
Changes in inventories of finished goods, by-products and work-in-progress	2.24		(48709.68)		(115119.01)
Employee benefits expense	2.25		11774.27		16772.93
Finance costs	2.26		14741.11		14864.46
Depreciation and amortisation expense	2.27		11078.09		16810.96
Other expenses	2.28		17803.48		25761.47
Total expenses			**232950.48**		**277510.38**
V. Profit before exceptional and extra ordinary items and tax (III-IV)			**778.01**		**22550.13**
VI. Exceptional items			–		–
VII. Profit before extraordinary items and tax (V-VI)			**778.01**		**22550.13**
VIII. Extraordinary items			–		–
IX. Profit before tax (VII-VIII)			**778.01**		**22550.13**
X. Tax expense					
Current tax (MAT)		156.00		3754.00	
Less: MAT credit entitlement		–		3754.00	
Net current tax		156.00		–	
Deferred tax charge/(write back)		(37.56)		2097.00	
Tax provision for earlier years written back		(2.92)		(3.80)	
MAT credit entitlement write down		–	115.52	4016.18	6109.38
XI. Profit for the year (IX-X)			**662.49**		**16440.75**
XII. Earnings per share (Nominal value per share ₹ 1/-) [Refer note no. 2.29(8)]					
- Basic (₹)			0.27		6.35
- Diluted (₹)			0.27		6.35
Number of shares used in computing Earnings per share					
- Basic			245840964		258756052
- Diluted			245972374		258890232
Significant accounting policies	1				
Notes to accounts	2				
The notes are an integral part of the financial statements.					

As per our report of even date attached.

For **G. P. Agrawal & Co.**
Chartered Accountants
F. R. No. 302082E

For and on behalf of the Board of Directors

(CA. Ajay Agrawal
Membership No. 17643)
Partner

S. K. Agrawala
Company Secretary

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi
Managing Director

Place: Kolkata
Date: 28th May, 2012.

Cash Flow Statement For the year ended 31st March, 2012

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before exceptional items and extra ordinary items and tax		**778.01**		**22550.13**
Adjustments to reconcile profit before exceptional items and extra ordinary items and tax to net cash flow provided by operating activities :				
Finance costs	14741.11		14864.46	
Depreciation and amortisation expense	11078.09		16810.96	
Loss on sale/discard of fixed assets	253.37		1823.35	
Share issue expenses written off	–		53.27	
Transfer to storage fund for molasses	24.91		78.40	
Bad debts written off	–		404.19	
Provision for doubtful debts and advances	–		98.71	
Interest income	(1514.48)		(958.83)	
Dividend income (From subsidiary company)	(83.55)		–	
Provision for diminution in value of investments in subsidiary	–		283.27	
Profit on sale of fixed assets	(66.15)		(18.84)	
Unspent liabilities/balances written back	(578.23)		(125.49)	
Provision for doubtful debts/advances written back	(1.35)		(83.96)	
Provision for wealth tax for earlier years written back	(1.88)		–	
Provision for contingencies written back	–		(0.45)	
Storage fund for molasses written back	(130.57)		–	
Expense on employee stock option scheme	(2.32)		239.72	
Unrealised exchange rate fluctuation - loss/(gain)	895.48	24614.43	(11.08)	33457.68
Operating profit before working capital changes		**25392.44**		**56007.81**
Adjustments to reconcile operating profit to cash flow provided by changes in working capital :				
Increase/(decrease) in trade payables	52666.82		(1997.09)	
Increase in other long-term and current liabilities	1715.21		9558.97	
Increase in provision for employee benefits/wealth tax	39.91		62.22	
Increase in inventories	(50648.46)		(112014.20)	
Increase in trade receivables	(5708.16)		(7429.38)	
Decrease in long-term and short-term loans and advances	2619.14		8430.30	
Increase in other non-current and current assets	(4769.53)	(4085.07)	(12298.98)	(115688.16)
Cash generated from / (used in) operations		**21307.37**		**(59680.35)**
Tax expense (excluding wealth tax)		(1803.93)		(2188.90)
Cash flow before exceptional and extraordinary items		**19503.44**		**(61869.25)**
Exceptional / extraordinary items		–		–
Net cash generated / (used in) operating activities (A)		**19503.44**		**(61869.25)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Additions to fixed assets (including intangibles)	(1513.24)		(6049.29)	
Sale of fixed assets	559.53		708.24	
Purchase of shares of associate	(12.14)		(225.01)	
Purchase of shares of subsidiary	–		(7.49)	
Purchase of shares of other companies	–		(0.70)	
Purchase of national savings certificates	(2.05)		(1.10)	
Fixed deposits placed with banks	(153.16)		(261.65)	
Fixed deposits redeemed from banks	305.57		81.78	
Loan given to a subsidiary	(80.88)		(129.13)	
Loan received back from a subsidiary	75.00		–	
Loan given to corporates/others	(5176.00)		(7552.00)	
Loan received back from corporates/others	2700.00		202.00	
Purchase of debentures	(4050.00)		–	
Interest received on loan to subsidiary company	41.33		23.28	
Interest received on loan to corporate/others	1681.92		548.32	
Dividend received from subsidiary company	83.55		–	
Net cash used in investing activities (B)		**(5540.57)**		**(12662.75)**

Cash Flow Statement For the year ended 31st March, 2012 *(Contd...)*

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from exercise of equity stock options	–		1316.23	
Buy back of equity shares	(7701.60)		(3265.96)	
Capital subsidy	–		21.80	
Proceeds from long-term borrowings	40000.00		–	
Repayment of long-term borrowings	(36236.91)		(25754.85)	
Proceeds/(repayment) of short-term borrowings	(6879.73)		126570.72	
Interest expense	(15085.44)		(15238.02)	
Other borrowing costs	(301.90)		(96.47)	
Dividend paid	(1832.35)		(7753.41)	
Dividend distribution tax paid	(297.26)		(1317.69)	
Net cash (used in) / generated from financing activities (C)		**(28335.19)**		**74482.35**
Net decrease in cash and cash equivalents (A+B+C)		**(14372.32)**		**(49.65)**
Opening cash and cash equivalents		15274.11		15271.30
Cash and bank balance acquired on merger		–		52.46
Closing cash and cash equivalents [Refer note no.2.17]		**901.79**		**15274.11**

1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement notified under the Companies (Accounting Standards) Rules, 2006.

2) Interest expenses is exclusive of, and addition to fixed assets is inclusive of, interest capitalised Nil (previous period Nil).

3) Additions to fixed assets include movement of Capital work-in-progress.

4) Consideration for purchase of shares of Associate Company fully discharged by means of Cash.

5) Proceeds / (repayment) from Short-term borrowings have been shown on net basis.

6) Cash and cash equivalents do not include any amount which is not available to the Company for its use.

7) Cash and cash equivalents as at the balance sheet date consists of:

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
a) Balance with banks on current accounts		703.83		2583.57
b) Cheques on hand		0.23		69.44
c) Cash on hand		197.73		121.10
d) Short-term, highly liquid investments in mutual fund [Refer note no. 2.17]		–		12500.00
		901.79		**15274.11**

8) Figure in brackets represent cash outflow from respective activities.

9) As breakup of Cash and cash equivalents is also available in Note no. 2.17, reconciliation of items of Cash and cash equivalents as per Cash Flow Statement with the equivalents items reported in the Balance Sheet is not required and hence not provided.

10) Due to adoption of Revised Schedule VI in preparation of current year's financial statements previous period figures for 18 months ended 31st March, 2011 in Cash Flow Statement have been reclassified to confirm to current year's classification.

As per our report of even date attached.

For **G. P. Agrawal & Co.**
Chartered Accountants
F. R. No. 302082E

For and on behalf of the Board of Directors

(CA. Ajay Agrawal
Membership No. 17643)
Partner

S. K. Agrawala
Company Secretary

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi
Managing Director

Place: Kolkata
Date: 28th May, 2012.

Notes forming part of the Financial Statements

1 Significant accounting policies

1.1 Basis of preparation of financial statements

The Financial Statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis except certain tangible fixed assets which are carried at revalued amount.

GAAP comprises mandatory Companies (Accounting Standards) Rules, 2006 notified by the Central Government of India under Section 211(3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of operations and time between the procurement of raw material and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

1.2 Use of estimates

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure during the period. Actual results might differ from the estimates. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

1.3 Fixed assets, intangible assets and capital work-in-progress

a) Fixed Assets are stated at their original cost (net of accumulated depreciation and impairments) adjusted by revaluation of Land, Building, Plant & Machinery, Railway Siding and Tube well of the Balrampur Unit as at 30th June, 1988; Land, Building and Plant & Machinery of Tulsipur Unit as at 31st March, 1999. Cost, net of cenvat, includes acquisition price, import duties, other non-refundable taxes and levies, attributable expenses and pre-operational expenses including finance charges, wherever applicable.

b) Intangible assets expected to provide future enduring economic benefits are recorded at the consideration paid for acquisition of such assets and are carried at cost of acquisition less accumulated amortisation and impairment, if any.

c) Expenditure during construction period: Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses pending allocation to the assets and are shown under "Capital work-in-progress". Capital work-in-progress is stated at the amount expended upto the date of Balance Sheet for the cost of fixed assets that are not yet ready for their intended use.

1.4 Depreciation and amortisation

a) Depreciation on Fixed Assets is provided on Straight Line method in accordance with the rates as specified in Schedule XIV to the Companies Act, 1956 (as amended) other than on Power Transmission lines and Mobile Phones. Power Transmission Lines are depreciated over a period of five years and Mobile Phones over a period of three years on straight line basis.

b) Depreciation/amortisation on assets added, sold or discarded during the year has been provided on pro-rata basis.

c) Lease hold land in the nature of perpetual lease is not amortised. Other lease hold land are amortised over the period of the lease.

d) Computer Software (Acquired) are amortised on straight line basis over a period of five years.

1.5 Investments

Investments are either classified as current or long-term based on Management's intention at the time of purchase. Long-term investments are carried at cost less provisions for diminution recorded to recognise any decline, other than temporary, in the carrying value of each investment. Current investments are carried at the lower of cost and fair value, category wise. Cost for overseas investments comprises of the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Cost includes acquisition charges such as brokerage, fee and duties.

1.6 Inventories

a) Inventories (other than By-products and Standing crop) are valued at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventory comprises of purchase price, cost of conversion and other cost that have been incurred in bringing the inventories to their respective present location and condition. Interest costs are not included in value of inventories. The cost of Inventories is computed on weighted average basis.

b) Assets identified and technically evaluated as obsolete and held for disposal are valued at their estimated net realisable value.

c) By-products and Standing Crop are valued at net realisable value.

Notes forming part of the Financial Statements

1 Significant accounting policies (contd...)

1.7 Revenue recognition

a) Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration.

b) Gross turnover includes excise duty but excludes sales tax / VAT.

c) Dividend income is recognised when the Company's right to receive dividend is established.

d) Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

e) All other income are accounted for on accrual basis.

1.8 Expenses

All the expenses are accounted for on accrual basis.

1.9 Government grants

a) Government grants related to specific fixed assets are adjusted with the value of the fixed asset. If not related to a specific fixed asset, it is credited to Capital Reserve.

b) Government grants related to revenue items are adjusted with the related expenditure. If not related to a specific expenditure, it is taken as income.

1.10 Provisions, contingent liabilities and contingent assets

Provision is recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

A provision is recognised if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the balance sheet date.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

Re-imbursement expected in respect of expenditure to settle a provision is recognised only when it is virtually certain that the re-imbursement will be received.

A Contingent Asset is not recognised in the Accounts.

1.11 Impairment of assets

Impairment loss, if any, is recognised to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amount of assets to the extent that it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

After impairment, depreciation or amortisation on assets is provided on the revised carrying amount of the respective asset over its remaining useful life.

1.12 Foreign currency transactions

a) Transactions in Foreign currency are initially recorded at the exchange rate at which the transaction is carried out.

b) Monetary Assets and Liabilities related to foreign currency transactions remaining outstanding at the year end are translated at the year end rate.

   Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) In case of items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference. The premium or discount on forward exchange contracts is recognised over the period of the respective contract.

d) Any income or expense on account of exchange difference either on settlement or on translation at the year end is recognised in the Statement of Profit and Loss.

1.13 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset is capitalised as part of the cost of such asset till such time the asset is ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss in the period in which they are incurred.

Notes forming part of the Financial Statements

1 Significant accounting policies (contd...)

1.14 Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

1.15 Employee benefits

a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

b) Long-term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services. The expense is recognised at the present value of the amount payable as per actuarial valuations. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

1.16 Employee stock option scheme

In respect of employee stock options granted pursuant to the Company's Employee Stock Option Scheme, the intrinsic value of the option (excess of market price of the share on the date of grant over the exercise price of the option) is treated as discount and amortised as employee compensation cost on a straight line basis over the vesting period.

1.17 Taxes on income

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternate tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

1.18 Derivative contracts

The Company uses derivative contracts to hedge the interest rate and currency risks. The Company does not use these contracts for trading or speculation purposes.

1.19 Segment reporting

Segments are identified based on the dominant source and nature of risks and returns and the internal organisation and management structure.The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

a) Inter segment revenue is accounted for based on the transaction price agreed to between segments which is primarily market led.

b) Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment.

   Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been disclosed as "Unallocable".

1.20 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of any extra ordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares.

1.21 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes forming part of the Financial Statements

2 Notes to accounts

Note: 2.1 Share capital

Particulars	As at 31st March, 2012 No. of shares	As at 31st March, 2012 ₹ in Lacs	As at 31st March, 2011 No. of shares	As at 31st March, 2011 ₹ in Lacs
a) Authorised				
Equity shares of par value ₹ 1/- each	400000000	4000.00	400000000	4000.00
Preference shares of par value ₹ 100/- each	2500000	2500.00	2500000	2500.00
		6500.00		**6500.00**
b) Issued, subscribed and fully paid up				
Equity shares of par value ₹ 1/- each	244313923	2443.14	256274911	2562.75
		2443.14		**2562.75**
Issue of 17270 (previous period 17270) equity shares on Rights basis has been kept in abeyance in view of pending dispute.				
c) Reconciliation of number and amount of equity shares outstanding at the beginning and at the end of the reporting year				
Outstanding at the beginning of the year	256274911	2562.75	256755060	2567.55
Add:				
i) Shares issued on exercise of employees stock options [Refer note no.2.29(5)]	–	–	2924950	29.25
ii) Shares issued to the shareholders of Indo Gulf Industries Ltd. pursuant to Scheme of Arrangement	–	–	44048	0.44
	256274911	2562.75	259724058	2597.24
Less: Shares bought back during the year/period *	11960988	119.61	3449147	34.49
[Refer note no. 2.29(4)]				
Outstanding at the end of the year	**244313923**	**2443.14**	**256274911**	**2562.75**
* Shares bought back during the period denotes actual number of shares extinguished during the period on account of buy back.				

d) The Company has only one class of equity shares. The Company declares and pays dividend in Indian rupees. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share.

e) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

f) The details of shareholders holding more than 5% of the equity shares in the Company:

Name of the shareholders	As at 31st March, 2012 No. of shares held	As at 31st March, 2012 % of holding	As at 31st March, 2011 No. of shares held	As at 31st March, 2011 % of holding
Life Insurance Corporation of India	19995490	8.18	19995490	7.80
Shri Kamal Nayan Saraogi	19597219	8.02	19597219	7.65
Shri Vivek Saraogi	18485101	7.57	18485101	7.21
Smt. Meenakshi Saraogi	14244300	5.83	14244300	5.56

g) The Company has issued an aggregate of 44048 upto 31.03.2012 (previous period 44048 upto 31.03.2011) fully paid up equity shares of par value ₹ 1/- each without payment being received in cash in the last 5 years immediately preceding the balance sheet date.

h) The Company has bought back an aggregate of 15410135 upto 31.03.2012 (Previous period 4678678 upto 31.03.2011) equity shares in the last 5 years immediately preceding the balance sheet date. 1229531 equity shares bought back during the previous period but not extinguished as on 31.03.2011, were extinguished during the year [Refer note no. 2.29(4)].

i) The Company has reserved 326650 (Previous period 333650) equity shares of par value ₹ 1/- each for issue at a premium of ₹ 44/- each to eligible employees of the Company under Employees Stock Option Scheme. All these shares are vested and are exercisable at any point of time.

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.2 Reserves and surplus

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
a) Capital reserves				
Balance as per last account	1028.22		1006.42	
Add: Capital subsidy	–	1028.22	21.80	1028.22
b) Capital redemption reserve				
Balance as per last account	2534.49		2500.00	
Add: Transfer from General reserve on buy back of equity shares [Refer note no. 2.29(4)]	119.61	2654.10	34.49	2534.49
c) Securities premium account				
Balance as per last account	51835.51		49811.81	
Add: On exercise of employees stock options	–		1984.94	
Add: On issue of shares to the shareholders of Indo Gulf Industries Limited pursuant to Scheme of Arrangement	–	51835.51	38.76	51835.51
d) Revaluation reserve				
Balance as per last account		18.24		18.24
e) Share options outstanding account				
Balance as per last account	112.44		840.82	
Less: Options exercised	–		697.96	
Less: Options forfeited	2.32	110.12	30.42	112.44
f) General reserve				
Balance as per last account	64339.25		56744.54	
Add: Transfer from Surplus in the Statement of Profit and Loss	–		10000.00	
	64339.25		66744.54	
Less: Utilised on buy back of equity shares	8442.66		2370.80	
Less: Transfer to Capital redemption reserve on buy back of equity shares [Refer note no. 2.29(4)]	119.61	55776.98	34.49	64339.25
g) Storage fund for molasses				
Balance as per last account	146.22		67.48	
Add: Transfer on merger	–		0.34	
Add: Created during the year/period	24.91		78.40	
	171.13		146.22	
Less: Utilised during the year	130.57	40.56	–	146.22
h) Surplus in the Statement of Profit and Loss				
Balance as per last account	7219.25		4238.55	
Less: Loss of Maizapur Sugar unit on merger	–		1248.17	
Add: Dividend on equity shares (including tax on dividend ₹ 3.19 lacs) for previous period written back	22.89		–	
	7242.14		2990.38	
Add: Profit for the year/period	662.49		16440.75	
Amount available for appropriation	7904.63		19431.13	
Less: Appropriations:				
Dividend on equity shares (including tax on dividend ₹ 8.62 lacs) for previous year	–		59.38	
Proposed dividend	–		1852.05	
Tax on proposed dividend	–		300.45	
Transfer to General reserve	–		10000.00	
Total appropriations	–		12211.88	
Balance as at the Balance Sheet date		7904.63		7219.25
		119368.36		127233.62

i) General reserve is primarily created to comply with the requirements of Section 205 (2A) of the Companies Act, 1956. This ia a free reserve and can be utilised for any general purpose like issue of bonus shares, payment of dividend, buy back of shares etc.

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.2 Reserves and surplus *(contd...)*

ii) The storage fund for molasses has been created to meet the cost of construction of molasses storage tank as required under Uttar Pradesh Sheera Niyantran (Sansodhan) Adesh, 1974 and the said storage fund is represented by investment in the form of fixed deposits with banks amounting to ₹ 49.62 lacs (Previous period ₹ 175.04 lacs).

iii) During the previous period ended 31st March, 2011, Dividend @ ₹ 0.75 per equity share was recognised as distribution to equity shareholders.

Note: 2.3 Long-term borrowings *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Term loans				
From banks				
Secured				
Rupee loans:				
State Bank of India (SBI)	15000.00		–	
Yes Bank Ltd. (YBL)	17500.00		–	
State Bank of India (SBI) (Interest Free)	–		28.82	
External commercial borrowings (ECBs)				
The Royal Bank of Scotland, N.V. (RBS)	–		2400.63	
State Bank of India (SBI)	2757.30		8271.90	
Standard Chartered Bank (SCB)	–		1311.60	
UCO Bank (UCO)	–		4120.50	
CITI Bank (CITI)	–	35257.30	1473.40	17606.85
From entities other than banks				
Secured				
Rupee loan:				
Government of India, Sugar Development Fund (SDF)	7257.86		8990.15	
External commercial borrowing (ECB):				
International Finance Corporation, Washington (IFC)	6950.49	14208.35	8833.04	17823.19
		49465.65		**35430.04**

a) Nature of securities:

i) Rupee Term Loans from SDF are secured by an exclusive second charge by way of equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Balrampur, Haidergarh, Akbarpur, Mankapur, Kumbhi, Gularia and Rauzagaon.

ii) Rupee Term Loan from YBL is secured by way of subservient charge on all movable fixed assets, both present and future, pertaining to all sugar and co-generation units of the Company.

iii) Rupee Term Loan from SBI is secured by way of first charge on movable fixed assets pertaining to Company's sugar units at Babhnan, Tulsipur, Akbarpur and Maizapur and Chemical unit at Balrampur and is further secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of all the sugar units of the Company.

iv) a. Interest Free Rupee Term Loan from SBI amounting to ₹ Nil, previous period ₹ 4853.00 lacs was secured by way of residual charge on immovable properties, both present and future, pertaining to Company's all sugar units (excluding Maizapur sugar unit), hypothecation of movable properties (excluding current assets and books debts), both present and future, pertaining to Company's sugar unit at Balrampur, ranking pari passu with Punjab National Bank (PNB) and residual charge on movable properties (excluding current assets and book debts), pertaining to other sugar units of the Company (excluding Maizapur sugar unit). As the amount outstanding on 31/03/2011 was payable entirely within one year, the same has been included in the line

Notes forming part of the Financial Statements

Note: 2.3 Long-term borrowings *(contd...)*

item "Current maturities of long-term debt" under the head "Other current liabilities" as at 31st March, 2011. The loan has been repaid in full in the current year and formalities regarding satisfaction of charge are in progress.

b. Interest Free Rupee Term Loan from SBI amounting to ₹ 28.82 lacs, previous period ₹ 114.96 lacs is secured by way of residual charge on movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar unit at Maizapur, and is to be further secured by way of residual charge on immovable properties, both present and future, pertaining to Company's sugar unit at Maizapur.

v) Interest Free Rupee Term Loan from PNB amounting to ₹ Nil, previous period ₹ 224.00 lacs was secured by way of residual charge on movable properties (excluding current assets and book debts), pertaining to Company's sugar unit at Balrampur, both present and future, ranking pari passu with SBI. As the amount outstanding on 31/03/2011 was payable entirely within one year, the same has been included in the line item "Current maturities of long-term debt" under the head "Other current liabilities" as at 31st March, 2011. The loan has been repaid in full in the current year and formalities regarding satisfaction of charge are in progress.

vi) ECB from IFC is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties and residual charge on current assets, both present and future, pertaining to Company's sugar and co-generation units at Haidergarh and Rauzagaon.

vii) ECB from SBI is secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Kumbhi and Gularia.

viii) ECB from RBS is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Mankapur.

ix) ECB from CITI is secured by way of hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Kumbhi and Gularia.

x) ECB from SCB is secured by way of hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's co-generation unit at Balrampur.

xi) ECB from UCO is secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Kumbhi and Gularia.

xii) ECB from DBS Bank Ltd. (DBS) was secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar unit at Balrampur. As the amount outstanding on 31/03/2011 was payable entirely within one year, the same has been included in the line item "Current maturities of long-term debt" under the head "Other current liabilities" as at 31st March, 2011.

xiii) ECB from Cooperative Centrale Raiffeisen - Boerenleenbank, B.A. (CCRB) was secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Kumbhi and Gularia. As the amount outstanding on 31st March, 2011 was payable entirely within one year, the same has been included in the line item "Current maturities of long-term debt" under the head "Other current liabilities" as at 31st March, 2011.

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.3 Long-term borrowings *(contd...)*

b) Terms of repayment :

Name of the banks / entities	Amount outstanding as on 31st March, 2012 Current (₹ in Lacs)	Amount outstanding as on 31st March, 2012 Non-current (₹ in Lacs)	Period of maturity w.r.t. the Balance Sheet date	Number of installments outstanding as on 31/03/2012	Amount of each installment (₹ in Lacs)
Government of India, Sugar Development Fund	143.10	–	4 months 11 days	1	143.10
	194.77	292.16	2 years 10 days	5	97.39
	174.90	349.80	3 years 7 months 24 days	6	87.45
	638.88	1916.64	3 years 9 months 5 days	8	319.44
	237.67	831.80	4 years 3 months 14 days	9	118.83
	342.97	1200.44	4 years 5 months 18 days	9	171.49
	–	2667.02	8 years 5 months 15 days	5	533.40
Sub-total	1732.29	7257.86			
Yes Bank Ltd.	2500.00	17500.00	2 years 8 months 12 days	8	2500.00
State Bank of India (Term Loan)	5000.00	15000.00	2 years 6 months	8	2500.00
State Bank of India (Interest Free)	28.82	–	3 months	3	* 9.58
International Finance Corporation, Washington ***	2778.03	6950.49	3 years 5 months 15 days	7	** 1389.01
State Bank of India (ECB)	5514.60	2757.30	1 year 4 months 9 days	3	2757.30
The Royal Bank of Scotland, N.V.	2400.63	–	7 months 1 day	2	1200.32
CITI Bank	1473.40	–	10 months 15 days	1	1473.40
Standard Chartered Bank	1311.60	–	11 months 22 days	1	1311.60
UCO Bank	4120.50	–	1 month 2 days	1	4120.50
Total	26859.87	49465.65			

* Except last installment of ₹ 9.66 lacs.

** Except last installment of ₹ 1394.43 lacs.

*** External commercial borrowing from IFC is drawn in US Dollars and the installment amount has been determined on the basis of applicable exchange rate prevailing on the Balance Sheet date.

Terms of repayment for loans which have been fully repaid during the year are not included above.

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.4 Deferred tax liabilities (net)

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Deferred tax liabilities				
Depreciation		28270.52		28340.47
Less: Deferred tax assets				
Carried forward losses	3368.11		3414.17	
Expenses allowable for tax purposes when paid	2455.19	5823.30	2441.52	5855.69
		22447.22		22484.78

Carried forward losses have been recognised as deferred tax assets as per latest Income Tax assessment order / return of income filed by the Company as there is virtual certainty that such deferred tax asset can be realised against future taxable profits in the forthcoming financial years.

Deferred tax assets and deferred tax liabilities have been offset where ever they relate to the same governing taxation laws.

Note: 2.5 Other long-term liabilities

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Retention monies		3.29		6.65
Interest accrued but not due on borrowings		289.64		181.21
		292.93		187.86

Note: 2.6 Long-term provisions

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Provision for employee benefits - unavailed leave		195.66		201.47
Provision for taxation	3383.35		14193.97	
Less : Advance tax	2510.31	873.04	11770.75	2423.22
Provision for wealth tax	52.00		83.00	
Less : Advance wealth tax	24.69	27.31	56.12	26.88
		1096.01		2651.57

Note: 2.7 Short-term borrowings

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Loans repayable on demand				
Working capital loans				
From banks				
Secured				
State Bank of India (SBI)	92743.52		97691.26	
Punjab National Bank (PNB)	–		1310.62	
HDFC Bank Ltd. (HDFC)	28.11	92771.63	–	99001.88
Unsecured		9350.61		30000.00
		102122.24		129001.88
Other loans and advances				
Working capital loans				
From banks				
Unsecured		19999.91		–
		122122.15		129001.88
Summary of short-term borrowings				
Secured borrowings		92771.63		99001.88
Unsecured borrowings		29350.52		30000.00
		122122.15		129001.88

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.7 Short-term borrowings *(contd...)*

Nature of securities:

i) Working capital loans with SBI are secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Balrampur, on pari passu basis with PNB, sugar unit at Babhnan, on pari passu basis with HDFC and hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of other sugar units of the Company, by way of 1st charge on the entire fixed assets of Maizapur sugar unit of the Company and further secured / to be secured by way of 3rd charge on fixed assets of all other sugar units, except Maizapur sugar unit, of the Company.

ii) Working capital loan with PNB is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Balrampur, ranking pari passu with SBI.

iii) Working capital loan with HDFC is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Babhnan, ranking pari passu with SBI.

Note: 2.8 Trade payables *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Total outstanding dues of Micro and Small Enterprises		23.95		74.81
[Refer note no. 2.29(3)]				
Total outstanding dues of other than Micro and Small Enterprises		61684.72		9982.26
		61708.67		10057.07

Note: 2.9 Other current liabilities *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Current maturities of long-term debt *		26859.87		36236.91
Interest accrued but not due on borrowings		620.11		1374.77
Unpaid dividend **		138.64		136.16
Other payables				
Payable to suppliers of capital goods				
Total outstanding dues of Micro and Small Enterprises [Refer note no. 2.29(3)]	3.56		0.12	
Total outstanding dues of other than Micro and Small Enterprises	113.23		204.22	
	116.79		204.34	
Amount due to a subsidiary company	–		74.64	
Advance from customers and others	583.40		258.13	
Retention monies	148.54		499.94	
Security deposits	181.61		163.96	
Statutory liabilities ***	10631.25		8664.72	
Excess price of levy sugar	–		34.96	
Book overdraft balances	230.81		157.74	
Unpaid salaries and other payroll dues	1481.74		1427.35	
Accrued expenses	624.25		556.07	
Others	72.01	14070.40	309.98	12351.83
		41689.02		50099.67

* Refer note no. 2.3 (a) & (b) for nature of securities and terms of repayment respectively.

** There are no amounts due and outstanding to be credited to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956.

*** Include excise duty and cess on closing stock (₹ in lacs) 7291.38 5762.25

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.10 Short-term provisions *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Provision for employee benefits - unavailed leave		214.03		170.62
Other provisions				
Proposed dividend	–		1852.05	
Provision for tax on proposed dividend	–		300.45	
Provision for contingencies [Refer note no.2.29(2)]	6.89	6.89	6.89	2159.39
		220.92		**2330.01**

Note: 2.11 Fixed assets *(₹ in Lacs)*

Particulars	Tangible assets: Land (free hold)	Land (lease hold)	Buildings	Plant and equipment	Railway sidings	Furniture and fixtures	Vehicles	Office equipments	Total	Intangible assets computer (software acquired)	Capital work-in-progress	Grand total
Gross block												
Gross carrying amount as at 01.04.2011	7195.62	453.04	49776.87	187277.22	8.68	1715.48	2064.32	1559.19	250050.42	9.58	608.94	250668.94
Additions during the year	–	–	204.60	1422.26	–	114.82	119.58	104.00	1965.26	114.37	353.54	2433.17
Inter head adjustment during the year	–	–	–	(4.40)	–	–	–	4.40	–	–	–	–
Disposals/deductions during the year	639.82	–	115.78	87.53	–	2.16	88.64	38.15	972.08	–	919.93	1892.01
Gross carrying amount as at 31.03.2012	**6555.80**	**453.04**	**49865.69**	**188607.55**	**8.68**	**1828.14**	**2095.26**	**1629.44**	**251043.60**	**123.95**	**42.55**	**251210.10**
Depreciation /amortisation												
Opening accumulated depreciation/amortisation	–	29.24	7873.31	68047.86	5.38	962.84	1209.84	932.86	79061.33	5.22	–	79066.55
Depreciation/amortisation for the year	–	6.04	1084.82	9601.53	0.41	70.50	134.94	142.09	11040.33	37.76	–	11078.09
Inter head adjustment during the year	–	–	–	(0.07)	–	–	–	0.07	–	–	–	–
Disposals/deductions during the year	–	–	80.72	74.15	–	1.49	39.13	29.85	225.34	–	–	225.34
Closing accumulated depreciation/amortisation	**–**	**35.28**	**8877.41**	**77575.17**	**5.79**	**1031.85**	**1305.65**	**1045.17**	**89876.32**	**42.98**	**–**	**89919.30**
Net carrying amount												
Net block as at 31.03.2012	**6555.80**	**417.76**	**40988.28**	**111032.38**	**2.89**	**796.29**	**789.61**	**584.27**	**161167.28**	**80.97**	**42.55**	**161290.80**

Note: 2.11 Fixed assets *(previous period)* *(₹ in Lacs)*

Particulars	Tangible assets: Land (free hold)	Land (lease hold)	Buildings	Plant and equipment	Railway sidings	Furniture and fixtures	Vehicles	Office equipments	Total	Intangible assets computer (software acquired)	Capital work-in-progress	Grand total
Gross block												
Gross carrying amount as at 01.10.2009	6646.61	442.21	46422.53	179157.87	11.13	1490.28	1829.79	1444.99	237445.41	4.58	665.62	238115.61
Acquired on merger	454.46	–	2171.20	7797.69	–	154.40	38.57	41.82	10658.14	–	72.14	10730.28
Additions during the period	101.25	10.83	1104.28	4315.94	–	107.82	422.48	116.57	6179.17	–	6169.06	12348.23
Disposals/deductions during the period	6.70	–	(78.86)	3994.28	2.45	37.02	226.52	44.19	4232.30	(5.00)	6297.88	10525.18
Gross carrying amount as at 31.03.2011	**7195.62**	**453.04**	**49776.87**	**187277.22**	**8.68**	**1715.48**	**2064.32**	**1559.19**	**250050.42**	**9.58**	**608.94**	**250668.94**
Depreciation /amortisation												
Opening accumulated depreciation /amortisation	–	23.50	5924.59	51858.61	7.08	789.30	1097.33	737.18	60437.59	2.58	–	60440.17
On assets acquired on merger	–	–	360.12	3028.57	–	94.93	30.84	14.44	3528.90	–	–	3528.90
Depreciation /amortisation for the period	–	5.74	1603.04	14681.23	0.62	110.08	193.74	214.71	16809.16	2.87	–	16812.03
Disposals/deductions during the period	–	–	14.44	1520.55	2.32	31.47	112.07	33.47	1714.32	0.23	–	1714.55
Closing accumulated depreciation /amortisation	**–**	**29.24**	**7873.31**	**68047.86**	**5.38**	**962.84**	**1209.84**	**932.86**	**79061.33**	**5.22**	**–**	**79066.55**
Net carrying amount												
Net block as at 31.03.2011	**7195.62**	**423.80**	**41903.56**	**119229.36**	**3.30**	**752.64**	**854.48**	**626.33**	**170989.09**	**4.36**	**608.94**	**171602.39**

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.11 Fixed assets *(contd...)*

Notes : *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
i) Depreciation and amortisation for the year/period include				
a) Depreciation and amortisation for earlier years		–		(2.60)
b) Depreciation capitalised		–		1.07

ii) Land, Building, Plant & Machinery, Railway siding, Tube well and water supply machinery of Balrampur unit were revalued as at 30th June, 1988 on net replacement value as per the report of S. R. Batliboi Consultants Pvt. Ltd. and the cost of respective asset aggregating to ₹ 1200.77 lacs was substituted by the revalued amount of ₹ 1920.52 lacs and the resultant increase was credited to Revaluation reserve.

iii) Land, Building and Plant & Machinery of Tulsipur unit were revalued as at 31st March, 1999 on net replacement value as per the report of Lodha & Co. and the cost of the respective asset aggregating to ₹ 1023.85 lacs was substituted by the revalued amount of ₹ 2944.93 lacs and the resultant increase was credited to Revaluation reserve in the books of erstwhile Tulsipur Sugar Company Limited.

iv) There is a pari passu charge by way of hypothecation and equitable mortgage on the fixed assets of Kumbhi and Gularia units of the Company for an amount of Euro 4.50 million equivalent to ₹ 2456.61 lacs (previous period ₹ 2456.61 lacs) in favour of BNP Paribas, India for securing Swap Contracts entered into in connection with hedging in respect of some of the External Commercial Borrowings availed by the Company.

Note: 2.12 Non-current investments

Particulars	Face value	As at 31st March, 2012		As at 31st March, 2011	
		No. of shares	₹ in Lacs	No. of shares	₹ in Lacs
Trade investments					
Unquoted (Valued at cost)					
a) In equity shares of companies					
Fully paid up :					
Subsidiary company:					
Balrampur Overseas Pvt. Ltd.	HKD1	2000000	102.42	2000000	102.42
Associate company:					
VA Friendship Solar Park Pvt. Ltd.	₹10	10800	237.15	10200	225.01
Others :					
Asia Sugar Industries Pvt. Ltd.	₹10	250000	25.00	250000	25.00
b) In debentures of a company					
Fully paid up :					
Visual Percept Solar Projects Pvt. Ltd.	₹100	4050000	4050.00	–	–
Total (A)			4414.57		352.43
Other investments					
i) Quoted (Valued at cost less provision for other than temporary diminution)					
In equity shares of a company					
Fully paid up :					
Subsidiary company:					
Indo Gulf Industries Ltd.	₹1	5162470	283.27	5162470	283.27
Less: Provision for diminution in value of investments			283.27		283.27
Total (B)			@ –		@ –

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.12 Non-current investments *(contd...)*

Particulars	Face value	As at 31st March, 2012 No. of shares	As at 31st March, 2012 ₹ in Lacs	As at 31st March, 2011 No. of shares	As at 31st March, 2011 ₹ in Lacs
ii) Unquoted (Valued at cost)					
a) In equity shares of companies					
Fully paid up :					
Fortuna Services Ltd.	₹1	70287	0.70	70287	0.70
Balrampur Sugar Company Consumers Co-operative Society Ltd.	₹100	35	0.03	35	0.03
Co-operative Development Union Ltd.	₹10	110	0.01	110	0.01
Co-operative Stores Ltd.	₹10	1	@ –	1	@ –
b) In Post Office National Saving Certificates			9.63		7.58
(Deposited with Government authorities)					
Total (C)			**10.37**		**8.32**
Total (A+B+C)			**4424.94**		**360.75**
Aggregate amount of quoted investments			283.27		283.27
Market value of quoted investments			*Not available		*Not available
Aggregate amount of unquoted investments			4424.94		360.75
Aggregate provision for diminution in value of investments			283.27		283.27
@ Shown as Nil due to rounding off.					
* Shares are suspended for Trading by the Stock Exchange.					

During the year, the Company has invested ₹ 4050.00 lacs in unsecured non-convertible debentures of Visual Percept Solar Projects Pvt. Ltd. The debentures carry an over all simple yield to maturity of 9.50% p.a. The coupon amount is payable annually @ 5% p.a. for the first six years and 14% p.a. for the next six years. The debentures are redeemable at par at the end of twelve years from the date of allotment.

Note: 2.13 Long-term loans and advances *(unsecured, considered good unless stated otherwise)* *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Capital advances		132.46		36.10
Security deposits		72.64		90.91
Other loans and advances				
Advance to suppliers and others				
Considered doubtful	230.98		232.33	
Less: Allowance for doubtful advance	230.98		232.33	
	–		–	
MAT credit entitlement	5642.00		5642.00	
Prepaid expenses	20.65		13.04	
Duties and taxes paid under protest	340.83	6003.48	278.46	5933.50
		6208.58		**6060.51**

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.14 Other non-current assets *(unsecured, considered good unless stated otherwise)* *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Trade receivables outstanding for a period exceeding six months from due date				
Considered doubtful	98.71		98.71	
Less : Provision for doubtful debts	98.71	–	98.71	–
Fixed deposits with banks (Non current portion with original maturity period of more than 12 months)				
For Molasses storage fund (Earmarked)	11.70		70.96	
Pledged with Excise Authorities/deposited with UPPCL	41.00	52.70	35.01	105.97
Interest accrued but not due		6.58		7.02
Claims receivable		25.25		25.25
		84.53		**138.24**

Note: 2.15 Inventories *(valued at lower of cost and net realisable value, unless stated otherwise)* *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Raw materials		3039.32		3166.98
Packing materials		234.07		247.81
Work-in-progress				
Sugar	1278.87		430.99	
Molasses	58.19		42.41	
Organic manure	37.66	1374.72	43.45	516.85
Finished goods				
Sugar	181631.37		133941.24	
Industrial alcohol	2053.66		2007.37	
Banked power	73.27		71.91	
Organic manure	43.56	183801.86	27.71	136048.23
Stores and spares	4646.82		4067.73	
Add: Goods-in-transit	105.67	4752.49	122.52	4190.25
Loose tools		316.53		330.87
Standing crop *		18.07		14.92
By-products *		6241.98		4614.67
		199779.04		**149130.58**

* Valued at net realizable value.

Note: 2.16 Trade receivables *(unsecured, considered good)* *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Trade receivables outstanding for a period exceeding six months from due date		98.34		186.13
Other trade receivables		14597.65		8801.70
		14695.99		**8987.83**

2 Notes to accounts (contd...)

Note: 2.17 Cash and bank balances

(₹ *in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Cash and cash equivalents				
Balances with banks				
On current accounts	703.83		2583.57	
Cheques on hand	0.23		69.44	
Cash on hand	197.73		121.10	
Short-term, highly liquid investments in mutual fund	–	901.79	12500.00	15274.11
Other bank balances				
Earmarked balances				
Fixed deposits for molasses storage fund				
Current portion of original maturity period more than 12 months	1.65		18.75	
Original maturity period upto 12 months	36.27		85.33	
	37.92		104.08	
Unpaid dividend accounts	138.64	176.56	136.16	240.24
Fixed deposits pledged with Excise Authorities/deposited with UPPCL				
Current portion of original maturity period more than 12 months	36.00		25.00	
Original maturity period upto 12 months	32.51	68.51	76.51	101.51
Balances with post office		0.56		0.46
		1147.42		**15616.32**

Note: 2.18 Short-term loans and advances *(unsecured, considered good)*

(₹ *in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Loan to related party				
Loan to a subsidiary company		360.00		356.43
Security deposits		190.06		120.07
Other loans and advances				
Intercorporate deposits	11420.00		9000.00	
Loan to others	1156.00		1100.00	
Advance to suppliers and others	1591.84		3160.03	
Cenvat, Vat and other taxes/duties	959.55		2675.52	
Prepaid expenses	230.48		218.94	
Others	3.92	15361.79	4.23	16158.72
		15911.85		**16635.22**

Note: 2.19 Other current assets *(unsecured, considered good)*

(₹ *in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Interest accrued but not due		165.03		373.02
Claims receivable		17043.25		12273.72
Income tax refundable		102.64		–
		17310.92		**12646.74**

Notes forming part of the Financial Statements

Note: 2.20 Revenue from operations

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Sale of goods (Gross)				
Sugar	194817.43		246530.87	
Raw sugar*	–		9669.80	
Power	21810.67		29392.93	
Industrial alcohol	15688.15		16481.99	
Organic manure	269.13		370.61	
Molasses	2384.14		3023.64	
Others	4061.63	239031.15	851.97	306321.81
Other operating revenues				
Profit from sugar trading		–		418.05
Revenue from operations (Gross)		**239031.15**		**306739.86**
Less : Excise duty and cess on sale of goods		8076.52		9082.84
Revenue from operations (net)		**230954.63**		**297657.02**

* Traded goods

Note: 2.21 Other income

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Interest income				
Non-current investments				
Debentures	42.05		–	
Others	1.14		0.80	
	43.19		0.80	
Loan to a subsidiary company	39.02		25.58	
Inter corporate deposits/Loan to others	1403.94		887.24	
Fixed deposits with banks	25.90		23.59	
Income tax refund	1.97		20.39	
Others	11.82	1525.84	30.36	987.96
Dividend income (From subsidiary)				
Non-current investment		83.55		–
Net gain on sale of highly liquid investments		135.33		381.40
(treated as cash and cash equivalent)				
Other non-operating income				
Net gain on foreign currency transactions and translations	–		294.96	
Insurance claims	125.30		301.30	
Profit on sale of fixed assets	66.15		18.84	
Unspent liabilities/balances written back	578.23		125.49	
Provisions for doubtful debts/ advances written back	1.35		83.96	
Provision for wealth tax for earlier years written back	1.88		–	
Provision for contingencies written back	–		0.45	
Storage fund for molasses written back	130.57		–	
Profit from farm accounts [Refer note no.2.29(7)]	26.61		17.22	
Miscellaneous income	99.05	1029.14	191.91	1034.13
		2773.86		**2403.49**

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.22 Cost of materials consumed

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Sugar cane *		222066.32		279870.34
Raw sugar		–		21719.77
Molasses		784.45		1308.82
Bagasse		923.51		525.59
Press mud		37.35		44.90
Others		2451.58		5056.47
		226263.21		308525.89

* Include a sum of ₹ 9234.98 lacs accrued during the year in view of the judgement dated 17th January, 2012 pronounced by the Hon'ble Supreme Court vacating its earlier Orders for payment of differential cane price for the crushing season 2007-2008.

Note: 2.23 Purchases of stock-in-trade

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Raw sugar		–		9893.68
		–		9893.68

Note: 2.24 Changes in inventories of finished goods, by-products and work-in-progress

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Finished goods				
Opening stock				
Sugar	133941.24		19222.45	
Industrial alcohol	2007.37		733.11	
Banked power	71.91		120.94	
Organic manure	27.71	136048.23	50.15	20126.65
Add : Acquired on merger				
Sugar		–		493.53
Less : Closing stock				
Sugar	181631.37		133941.24	
Industrial alcohol	2053.66		2007.37	
Banked power	73.27		71.91	
Organic manure	43.56	183801.86	27.71	136048.23
Total (A)		**(47753.63)**		**(115428.05)**
By-products				
Opening stock		4614.67		563.23
Add : Acquired on merger		–		9.98
Less : Closing stock		6241.98		4614.67
Total (B)		**(1627.31)**		**(4041.46)**

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.24 Changes in inventories of finished goods, by-products and work-in-progress *(contd...)* *(₹ in Lacs)*

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Work-in-progress				
Opening stock				
Sugar	430.99		130.90	
Molasses	42.41		6.71	
Organic manure	43.45	516.85	5.60	143.21
Add : Acquired on merger				
Sugar	–		1.99	
Molasses	–	–	0.07	2.06
Less : Closing stock				
Sugar	1278.87		430.99	
Molasses	58.19		42.41	
Organic manure	37.66	1374.72	43.45	516.85
Total (C)		(857.87)		(371.58)
Total (A+B+C)		(50238.81)		(119841.09)
Less : Excise duty and cess on stock *		1529.13		4722.08
		(48709.68)		(115119.01)

* The amount of excise duty and cess on stock represents differential excise duty and cess on opening and closing stock.

Note: 2.25 Employee benefits expense *(₹ in Lacs)*

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Salaries and wages		10228.95		14224.12
Contribution to provident and other funds		1269.85		1848.78
Employee stock option scheme		(2.32)		239.72
Staff welfare expense		277.79		460.31
		11774.27		16772.93

Note: 2.26 Finance costs *(₹ in Lacs)*

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Interest expense				
On long-term borrowings	7187.07		10883.48	
On short-term borrowings	7242.30		3868.47	
Others	9.84	14439.21	16.04	14767.99
Other borrowing costs		301.90		96.47
		14741.11		14864.46

Note: 2.27 Depreciation and amortisation expense *(₹ in Lacs)*

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Depreciation and amortisation on tangible assets		11040.33		16808.09
Amortisation on intangible assets		37.76		2.87
		11078.09		16810.96
Refer note no. 2.11.				

2 Notes to accounts (contd...)

Note: 2.28 Other expenses

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Consumption of stores and spare parts		2104.47		2665.01
Packing materials		4349.61		6037.03
Power and fuel		382.69		560.11
Rent		57.76		140.60
Repairs				
Buildings	324.44		382.64	
Machinery	3504.04		4381.10	
Others	260.29	4088.77	396.14	5159.88
Insurance		265.03		468.08
Rates and taxes (excluding taxes on income)		203.03		285.72
Commission to non-whole time directors		–		25.00
Payments to auditor				
As auditor for statutory audit	25.00		17.50	
For tax audit	9.00		–	
For management services	–		11.90	
For other services (Limited reviews & certifications)	10.84		23.35	
For reimbursement of expenses	1.28	46.12	2.17	54.92
Net loss on foreign currency transactions and translations		1018.11		–
Charity and donation		196.17		179.47
Directors' fees		4.60		6.30
Miscellaneous expenses		4806.96		7433.16
Loss on sale/discard of fixed assets		253.37		1823.35
Share issue expenses written off		–		53.27
Transfer to storage fund for molasses		24.91		78.40
Provision for doubtful debts and advances		–		98.71
Provision for diminution in value of investments in subsidiary		–		283.27
Bad debts written off		–		404.19
Prior period expenses *		1.88		5.00
		17803.48		**25761.47**
* Includes				
Salary and wages		–		2.50
Rates and taxes		0.06		2.12
Miscellaneous expenses		1.82		0.38
		1.88		**5.00**

Notes forming part of the Financial Statements

Note: 2.29 Other disclosures

1. Contingent liabilities and commitments (to the extent not provided for)

(₹ in Lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
a) Contingent liabilities		
i) Claims against the Company not acknowledged as debts		
a) Excise duty demand - under appeal	376.76	598.60
b) Sales tax demand - under appeal	24.65	47.28
c) Others - under appeal/litigation	452.12	885.06
	853.53	**1530.94**
ii) Claims for acquisition of 1.99 acres of land for the Chemical unit at Balrampur and compensation there against is under dispute as the matter is sub judice	Amount not ascertainable	Amount not ascertainable
iii) Corporate guarantee given on behalf of a Subsdiary	–	1986.16

The amounts shown in (i) above represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be estimated accurately. The Company does not expect any reimbursements in respect of the above contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the grounds that there are fair chances of successful outcome of appeals.

(₹ in Lacs)

b) Commitments		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for	512.72	493.92
ii) Advance paid against above	132.46	36.10

2. Disclosures in terms of Accounting Standard-29

Movement for provision for contingencies

(₹ in Lacs)

Particulars	Duties & taxes	Others	Total
Balance as at 1st April, 2011	6.31	0.58	6.89
Provided during the year	–	–	–
Amount used during the year	–	–	–
Reversed during the year	–	–	–
Balance as at 31st March, 2012	**6.31**	**0.58**	**6.89**
Balance as at 1st October, 2009	6.31	1.03	7.34
Provided during the period	–	–	–
Amount used during the period	–	–	–
Reversed during the period	–	0.45	0.45
Balance as at 31st March, 2011	**6.31**	**0.58**	**6.89**

Other provisions for contingencies as referred to above represents provision for contingencies towards various claims made / anticipated against the Company based on the Management's assessment.

It is not possible to estimate the timing / uncertainties relating to the utilisation /reversals from the provision for contingencies. Future cash outflow in respect of the above is determinable only upon Court decision / out of Court settlement /disposal of appeals.

The Company does not expect any reimbursement in respect of the above provisions.

2 Notes to accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

3. **Based on the information / documents available with the Company, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows :**

(₹ in Lacs)

Sl. No.	Particulars	As at 31st March, 2012	As at 31st March, 2011
a)	The principal amount remaining unpaid to suppliers as at the end of accounting year *	26.57	74.32
b)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	0.06	0.34
c)	The amount of interest paid in terms of Section 16, along with the amount of payment made to the suppliers beyond the appointed day during the year	–	0.04
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	0.88	0.28
e)	The amount of interest accrued during the year/period and remaining unpaid at the end of the accounting year*	0.94	0.61
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Micro and Small Enterprises	–	–

* Included in the line item "Total outstanding dues of Micro and Small Enterprises" under Notes no. 2.8 and 2.9.

4. As approved by the Board of Directors of the Company and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, the Company made a Public Announcement on February 22, 2011, to buy-back the Equity Shares of the Company from open market through stock exchange route at a price not exceeding ₹ 85/-per share, for an aggregate amount of ₹11000.00 lacs.

   Till 31st March, 2011, the Company bought back 4678678 Equity Shares at an average price of ₹69.80 per share for an aggregate amount of ₹3265.96 lacs out of which 3449147 Equity Shares were extinguished till 31st March, 2011 and the remaining 1229531 Equity Shares were extinguished on 13th April, 2011. The amount paid on buy back of Equity Shares which were yet to be extinguished as on 31st March, 2011 has been shown by way of deduction from the Shareholders' Fund.

   The Company has further bought back 10731457 Equity Shares at an average price of ₹ 71.76 per share for an aggregate amount of ₹ 7701.60 lacs which were extinguished during the year. Thus, the Company has bought back in aggregate 15410135 Equity Shares involving an amount of ₹ 10967.56 lacs. The amount paid towards buy back of Equity Shares, in excess of the face value, has been utilised out of General reserve of the Company. Equity Share capital of the Company was reduced by an amount equal to the face value of the Equity Share bought back and as required the Capital Redemption Reserve was created for an amount equal to the face value of the total Equity Shares bought back by utilising the General Reserve of the Company.

5. The Employee Stock Option Scheme of the Company was formulated in the year 2005. The details of Options granted, lapsed and exercised as on 31st March, 2012 are as under :

Year of Issue	2005-06	2006-07	2007-08	2008-09	2008-09	Total
Series	1st	2nd	3rd	4th	5th	
Date of grant of Option	31/10/05	27/11/06	27/11/07	25/11/08	28/05/09	
Initial Exercise Price (₹)	74.60	104.10	72.20	74.20	45.00	
Revised Exercise Price (₹)	45.00	45.00	45.00	45.00	N.A.	
Market Price on the date of grant (₹)	81.10	87.65	90.75	35.40	82.35	
Excess of initial Exercise Price over Revised Exercise Price (₹)	29.60	59.10	27.20	29.20	N.A.	
Excess of Market Price over Exercised Price/Revised Exercise Price (₹)	36.10	42.65	45.75	–	37.35	
Number of Options granted upto 31.03.2011	622500	883000	995500	1280000	1464500	5245500
Number of Options exercised upto 31.03.2011	447500	653500	821000	1157000	1146350	4225350
Number of Options lapsed upto 31.03.2011	162000	208500	139500	80000	96500	686500
Number of Options outstanding on 01.04.2011	13000	21000	35000	43000	221650	333650
Number of Options exercised during the year	–	–	–	–	–	–
Number of Options lapsed during the year	–	1500	–	1000	4500	7000
Number of Options outstanding on 31.03.2012	13000	19500	35000	42000	217150	326650

Refer Director's Report for other disclosures.

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

6. Based on the review made at the Balance Sheet date, MAT credit of ₹ 5642.00 lacs recognised in earlier years is carried forward as the Management is confident that there will be sufficient taxable profit during the specified period to utilise the same.

7. Details of profit from farm accounts :

(₹ in Lacs)

Particulars	Year ended 31st March, 2012	18 months ended 31st March, 2011
Income		
Sales	59.91	126.05
Closing stock of standing crop	18.07	14.92
	77.98	**140.97**
Expenses		
Opening stock of standing crop	14.92	26.48
Stock of standing crop acquired on merger	–	8.77
Cane seeds purchase	5.23	13.95
Fertilisers and manures	5.46	12.69
Salaries and wages	7.37	17.22
Power and fuel	2.90	6.24
Rent	1.38	9.62
Irrigation and cultivation expenses	10.79	19.49
Repairs - others	2.36	7.18
Miscellaneous expenses	0.96	2.11
	51.37	**123.75**
Profit from farm accounts	**26.61**	**17.22**

8. Earnings per share - the numerators and denominators used to calculate basic / diluted earnings per share :

Particulars	Year ended 31st March, 2012	18 months ended 31st March, 2011
a) Amount used as the numerator (₹ in lacs)		
Profit after tax - (A)	662.49	16440.75
b) Weighted average number of Equity Shares Outstanding used as the denominator for computing Basic Earnings per Share - (B)	245840964	258756052
Add : Weighted average number of Equity Shares on account of Employees Stock Option Scheme	131410	134180
c) Weighted average number of Equity Shares Outstanding used as the denominator for computing Diluted Earnings per Share - (C)	245972374	258890232
d) Nominal value of Equity Shares (₹)	1.00	1.00
e) Basic Earnings per Share (₹) (A/B)	0.27	6.35
f) Diluted Earnings per Share (₹) (A/C)	0.27	6.35

9. Approval of Central Government for the remuneration paid to the Managing/Joint Managing Directors pursuant to Resolution passed in the Extra Ordinary General Meeting of the Shareholders of the Company held on 16th March, 2012 is awaited.

10. The Company has been granted eligibility certificate dated 23rd February, 2007 under New Sugar Industry Promotion Policy, 2004 of the Government of Uttar Pradesh. Accordingly, incentives aggregating to ₹7307.81 lacs (Previous period ₹8288.68 lacs) allowable under the above policy have been accounted for during the year under review.

    The above policy has been terminated by the Government of Uttar Pradesh vide order dated 4th June, 2007 wherein the Government expressed its intention to introduce another policy. The Company has been legally advised that it continues to be eligible to receive the incentives under the above policy. Furthermore, the Company has filed Writ Petition against withdrawal of the aforesaid policy which has been admitted by the Lucknow Bench of the Hon'ble Allahabad High Court vide its Order dated 9th May, 2008, the hearing in respect of which is in progress.

2 Notes to accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

11. **Employee benefits**

As per Accounting Standard - 15 " Employee Benefits", the disclosure of Employee Benefits as defined in the Accounting Standard are as follows:

Defined contribution plan

Employee benefits in the form of Provident Fund and Labour Welfare Fund are considered as defined contribution plan except that Provident fund in respect of certain employees is contributed to a fund set up by the Company which is treated as defined benefit plan since the Company has to meet the interest shortfall.

The contributions to the respective fund are made in accordance with the relevant statute and are recognised as expense when employees have rendered service entitling them to the contribution. The contributions to defined contribution plan, recognised as expense in the Statement of Profit and Loss are as under :

(₹ in Lacs)

Defined Contribution Plan	Year ended 31st March, 2012	18 months ended 31st March, 2011
Employers' Contribution to Provident Fund	451.51	535.13
Employers' Contribution to Labour Welfare Fund	0.01	0.01

Defined benefit plan

Long-term employee benefits in the form of gratuity and leave encashment are considered as defined benefit obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefits recognised in the Balance Sheet represent the present value of the obligation as adjusted for unrecognised past service cost and as reduced by the fair value of plan assets.

Provident fund in respect of certain employees is contributed to a fund set up by the Company which is treated as a defined benefit plan since the Company has to meet the interest shortfall. The interest shortfall of ₹11.06 lacs (Previous period ₹23.93 lacs) at the year end is recognised as expenses for the year.

Any asset resulting from this calculation is limited to the discounted value of any economic benefit available in the form of refunds from the plan or reduction in future contribution to the plan. The amount recognised in the Accounts in respect of Employees Benefit Schemes based on actuarial reports are as follows :

a) Details of funded post retirement plans are as follows

(₹ in Lacs)

Particulars	31st March, 2012		31st March, 2011	
	Gratuity	Provident Fund	Gratuity	Provident Fund
I. Components of Employer Expense:				
1 Current Service Cost	189.97	132.88	270.61	182.72
2 Past Service Cost	–	–	–	–
3 Interest Cost	180.31	188.97	188.96	161.02
4 Expected return on Plan Assets	187.24	193.76	192.23	159.91
5 Actuarial (Gain) /Loss recognised in the year	101.73	(40.51)	195.17	38.46
6 Expense recognised in the statement of Profit and Loss	284.77	87.58	462.51	222.29
II. Change in Present Value of Defined Benefit Obligation :				
1 Present value of Defined Benefit Obligation at the beginning of the year	2202.78	2199.02	1691.56	1887.79
2 Acquisition Adjustment	–	–	28.61	–
3 Interest Cost	180.31	188.97	188.96	161.02
4 Past Service Cost	–	–	–	–
5 Current Service Cost	189.97	132.88	270.61	182.72
6 Employees Contribution	–	145.63	–	203.35
7 Benefits Paid	163.07	95.57	233.75	385.63
8 Actuarial (Gain) / Loss	2.36	(44.36)	256.79	149.77
9 Present value of Defined Benefit Obligation at the end of the year	2412.35	2526.57	2202.78	2199.02

2 Notes to accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

(₹ in Lacs)

Particulars	31st March, 2012 Gratuity	31st March, 2012 Provident Fund	31st March, 2011 Gratuity	31st March, 2011 Provident Fund
III. Change in Fair Value of Plan Assets during the year				
1 Plan Assets at the beginning of the year	2202.78	2152.92	1601.90	1881.26
2 Expected return on Plan Assets	187.24	193.76	192.23	159.91
3 Actual Company Contribution	284.77	278.51	580.79	386.06
4 Benefits paid	163.07	95.57	233.75	385.63
5 Actuarial Gain / (Loss)	(99.37)	(3.85)	61.61	111.32
6 Plan Assets at the end of the year	2412.35	2525.77	2202.78	2152.92
IV. Net Asset / (Liability) recognised in the Balance Sheet as at year end				
1 Present value of Defined Benefit Obligation	2412.35	2526.57	2202.78	2199.02
2 Fair value of Plan Assets	2412.35	2525.77	2202.78	2152.92
3 Funded Status [Surplus/(Deficit)]	–	(0.80)	–	(46.10)
4 Net Asset/(Liability) recognised in Balance Sheet	–	(0.80)	–	(46.10)
V. Actuarial Assumptions				
1 Discount Rate (per annum) %	8.50	8.25	8.00	9.50
2 Expected return on Plan Assets (per annum) %	8.50	9.00	8.00	8.50
3 Expected Rate of Salary increase %	5.00	5.00	5.00	5.00
4 Retirement/Superannuation Age (Year)	60	60	60	60
5 Mortality Rates	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
VI. Major Category of Plan Assets as a % of the Total Plan Assets as at year end				
1 Administered by Insurance Companies	75%	–	68%	–
2 Public Financial Institutions / Public Sector Companies	10%	54%	13%	51%
3 Central / State Government Securities	14%	46%	18%	49%
4 Bank Deposits	–	–	–	–
5 Others (Cash and Cash Equivalents)	1%	–	1%	–
VII. Expected Employer's Contribution for the next year				
Expected Employer's Contribution for the next year	313.24	141.00	275.00	194.13

VIII. Basis used to determine the expected rate of return on plan assets

The basis used to determine overall expected Rate of return on Plan Assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the Capital and optimise returns within acceptable risk parameters, the Plan Assets are well diversified.

IX. The history of experience adjustments for funded post retirement plans are as follows *(₹ in Lacs)*

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 30th September, 2009	As at 30th September, 2008
Gratuity				
Present value of defined benefit obligation	2412.35	2202.78	1691.56	1504.48
Fair value of plan assets	2412.35	2202.78	1601.90	1405.54
(Deficit)/Surplus	–	–	(89.66)	(98.94)
Experience adjustments of plan assets - Gain/(Loss)	(99.37)	(21.92)	(23.16)	(10.26)
Experience adjustments of obligation (Gain)/Loss	2.36	183.64	43.75	(37.12)
Provident Fund				
Present value of defined benefit obligation	2526.57	2199.02	1887.79	1805.61
Fair value of plan assets	2525.77	2152.92	1881.25	1781.00
(Deficit)/Surplus	(0.80)	(46.10)	(6.54)	(24.61)
Experience adjustments of plan assets - Gain/(Loss)	165.98	111.32	(6.46)	(72.66)
Experience adjustments of obligation (Gain)/Loss	(20.35)	149.77	(24.73)	(55.72)

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

b) Details of unfunded post retirement defined obligations are as follows

(₹ in Lacs)

Particulars	Leave Encashment (Unfunded)	
	31st March, 2012	31st March, 2011
I. Components of Employer Expense		
1 Current Service Cost	27.07	58.13
2 Past Service Cost	–	–
3 Interest Cost	15.33	17.90
4 Expected return on Plan Assets	–	–
5 Actuarial (Gain) /Loss recognised in the year	18.99	2.45
6 Expense recognised in the Statement of Profit and Loss	61.39	78.48
II. Change in Present Value of Defined Benefit Obligation		
1 Present value of Defined Benefit Obligation at the beginning of the year	203.42	173.27
2 Interest Cost	15.33	17.90
3 Past Service Cost	–	–
4 Current Service Cost	27.07	58.13
5 Benefits Paid	46.10	48.33
6 Actuarial (Gain) / Loss	18.99	2.45
7 Present value of Defined Benefit Obligation at the end of the year	218.71	203.42
III. Net Asset / (Liability) recognised in the Balance Sheet as at year end		
1 Present value of Defined Benefit Obligation	218.71	203.42
2 Fair value of Plan Assets	–	–
3 Funded Status [Surplus/(Deficit)]	(218.71)	(203.42)
4 Net Asset / (Liability) recognised in Balance Sheet	(218.71)	(203.42)
IV. Actuarial Assumptions		
1 Discount Rate (per annum) %	8.50	8.00
2 Expected return on Plan Assets (per annum) %	–	–
3 Expected Rate of Salary increase %	5.00	5.00
4 Retirement/Superannuation Age (Year)	60	60
5 Mortality Rates	LICI 1994-1996	LICI 1994-1996
V. Expected Employer's Contribution for the next year		
Expected Employer's Contribution for the next year	23.17	37.00

c) **Other disclosures**

i) Basis of estimates of Rate of escalation in salary

The estimates of rate of escalation in salary, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

ii) The Gratuity and Provident fund expenses have been recognised under "Contribution to Provident and other funds" and Leave Encashment under "Salaries and wages" under Note no.2.25.

12. **Segment information as per Accounting Standard-17 on 'Segment Reporting'**

The Company has identified three primary business segments viz. Sugar, Distillery and Co-generation. Segments have been identified and reported taking into account the nature of the products, the differing risks and returns, the organisational structure and internal business reporting system.

a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

b) Segment assets and segment liabilities represent assets and liabilities of respective segment. Investments, tax related assets/ liabilities and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

2 Notes to accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

c) Information about primary business segments: *(₹ in Lacs)*

Particulars	Sugar	Distillery	Co-generation	Others	Unallocable	Total
Revenue						
Gross sales	214066.52	15807.48	30226.97	269.99	–	260370.96
	(277224.90)	(16601.88)	(43260.06)	(379.82)	(–)	(337466.66)
Less : Inter segment sales	12918.75	3.90	8416.29	0.87	–	21339.81
	(17263.47)	(7.87)	(13867.13)	(6.38)	(–)	(31144.85)
External sales	201147.77	15803.58	21810.68	269.12	–	239031.15
	(259961.43)	(16594.01)	(29392.93)	(373.44)	(–)	(306321.81)
Less : Excise duty and cess on external sales	6986.84	1089.68	–	–	–	8076.52
	(8458.22)	(624.62)	(–)	(–)	(–)	(9082.84)
Net sales	194160.93	14713.90	21810.68	269.12	–	230954.63
	(251503.21)	(15969.39)	(29392.93)	(373.44)	(–)	(297238.97)
Add: Other operating revenue	–	–	–	–	–	–
	(418.05)	(–)	(–)	(–)	(–)	(418.05)
Add : Allocable other income	870.70	55.63	75.67	0.33	–	1002.33
	(342.92)	(27.53)	(255.11)	(4.72)	(–)	(630.28)
Total revenue	195031.63	14769.53	21886.35	269.45	–	231956.96
	(252264.18)	(15996.92)	(29648.04)	(378.16)	(–)	(298287.30)
Segment results	(2212.52)	5383.15	14212.65	(33.74)	–	17349.54
	(17492.28)	(4471.31)	(18416.73)	(–) (56.42)	(–)	(40323.90)
Add: Interest Income					1525.84	1525.84
					(987.96)	(987.96)
Less: Unallocable expenditure net of unallocable income					3356.26	3356.26
					(3897.27)	(3897.27)
Finance costs					14741.11	14741.11
					(14864.46)	(14864.46)
Profit before tax						778.01
						(22550.13)
Tax						
Current tax						156.00
						(3754.00)
Deferred tax charge/(write back)						(37.56)
						(2097.00)
MAT credit write down (net)						–
						(262.18)
Tax provision for earlier years written back						(2.92)
						(–) (3.80)
Profit after tax						662.49
						(16440.75)
Other information						
Segment assets	316204.01	17483.69	60859.44	1166.64	25140.29	420854.07
	(271835.94)	(18510.36)	(58653.11)	(1222.52)	(30956.65)	(381178.58)
Segment liabilities	72951.87	2580.53	229.81	59.77	24772.91	100594.89
	(18735.44)	(2697.42)	(230.80)	(29.75)	(29880.64)	(51574.05)
Capital expenditure	1257.29	27.35	69.58	0.21	158.81	1513.24
	(2691.50)	(33.02)	(3001.17)	(–)	(324.66)	(6050.35)
Depreciation and amortisation	6552.56	823.76	3572.54	50.96	78.27	11078.09
	(9871.62)	(1237.20)	(5503.48)	(98.41)	(100.25)	(16810.96)
Non cash expenses other than depreciation and amortisation	468.45	1.55	690.64	4.89	8.23	1173.76
	(1573.98)	(53.27)	(743.81)	(1.20)	(608.65)	(2980.91)

i) Transactions between segments are primarily for materials which are transferred at market determined prices. Common costs are apportioned on a reasonable basis.

ii) Unallocable expenses are net of unallocable income ₹245.69 lacs (previous period ₹785.25 lacs).

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

iii) Inter segment sales include excise duty and cess ₹972.60 lacs (Previous period ₹976.32 lacs).

iv) Figures in brackets pertain to previous period.

d) **Information about secondary geographical segments**

i) The information about secondary segments has not been furnished as the export revenue is less than 10% of the total revenue of the Company.

ii) The Company has common fixed assets located in India for producing goods for domestic and overseas markets. Therefore, the value of fixed assets and additions thereto cannot be allocated to the geographical segments. Hence, the total carrying amount of segment assets and cost incurred during the year to acquire segment assets has not been given in respect of secondary segments.

13. **Related party disclosures as per Accounting Standard-18 are given below**

a) **Name of the related parties and description of relationship**

i) **Subsidiaries** (Control exists)	Indo Gulf Industries Ltd. Balrampur Overseas Pvt. Ltd.
ii) **Associate**	VA Friendship Solar Park Pvt. Ltd.
iii) **Key Managerial Personnel (KMP)**	Shri Vivek Saraogi - Managing Director Smt. Meenakshi Saraogi - Joint Managing Director Shri Kishor Shah - Director-cum-Chief Financial Officer Dr. Arvind Krishna Saxena - Whole-time Director
iv) **Relatives of Key Managerial Personnel**	
Shri Vivek Saraogi	1. Shri K.N. Saraogi (Father) 2. Smt. Meenakshi Saraogi (Mother) 3. Smt. Sumedha Saraogi (Wife) 4. Shri Karan Saraogi (Son) 5. Miss Avantika Saraogi (Daughter) 6. Smt. Stuti Dhanuka (Sister)
Smt. Meenakshi Saraogi	1. Shri K.N. Saraogi (Husband) 2. Shri Vivek Saraogi (Son) 3. Smt. Stuti Dhanuka (Daughter) 4. Smt. Sumedha Saraogi (Daughter-in-Law) 5. Shri Karan Saraogi (Grand-Son) 6. Miss Avantika Saraogi (Grand-Daughter)
v) **Enterprises in which KMP and their relatives have substantial interest/ significant influence**	1. Meenakshi Mercantiles Ltd. 2. Udaipur Cotton Mills Co. Ltd. 3. Balrampur Institute of Vocational Aid 4. Balrampur Foundation 5. Kamal Nayan Saraogi (HUF) 6. Vivek Saraogi (HUF) 7. Kishor Shah (HUF)

b) **Transactions with Related parties :**

(₹ in Lacs)

Nature of transaction / Name of the related party	Subsidiaries	Associate	Enterprises in which KMP and their relatives have substantial interest/ significant influence	Key Managerial Personnel (KMP)	Relatives of KMP	Total
i) **Inter-Corporate Loan given**						
Indo Gulf Industries Ltd.	**80.88**	–	–	–	–	**80.88**
	(129.13)	(–)	(–)	(–)	(–)	(129.13)
ii) **Consideration paid on account of merger**						
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(75.00)	(–)	(–)	(–)	(–)	(75.00)
iii) **Inter-Corporate Loan received back @**						
Indo Gulf Industries Ltd.	**75.00**	–	–	–	–	**75.00**
	(7275.00)	(–)	(–)	(–)	(–)	(7275.00)

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

(₹ in Lacs)

Nature of transaction / Name of the related party	Subsidiaries	Associate	Enterprises in which KMP and their relatives have substantial interest/ significant influence	Key Managerial Personnel (KMP)	Relatives of KMP	Total
iv) Investments made during the year in						
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(7.49)	(–)	(–)	(–)	(–)	(7.49)
VA Friendship Solar Park Pvt.Ltd.	–	12.14	–	–	–	12.14
	(–)	(225.01)	(–)	(–)	(–)	(225.01)
v) Interest Income						
Indo Gulf Industries Ltd.	39.02	–	–	–	–	39.02
	(25.58)	(–)	(–)	(–)	(–)	(25.58)
vi) Dividend Income						
Balrampur Overseas Pvt. Ltd.	83.55	–	–	–	–	83.55
	(–)	(–)	(–)	(–)	(–)	(–)
vii) Receiving of Services						
Smt. Meenakshi Saraogi	–	–	–	206.68	–	206.68
	(–)	(–)	(–)	(374.55)	(–)	(374.55)
Shri Vivek Saraogi	–	–	–	210.65	–	210.65
	(–)	(–)	(–)	(350.85)	(–)	(350.85)
Shri Kishor Shah	–	–	–	45.63	–	45.63
	(–)	(–)	(–)	(117.84)	(–)	(117.84)
Dr. Arvind Krishna Saxena	–	–	–	15.01	–	15.01
	(–)	(–)	(–)	(18.64)	(–)	(18.64)
viii) Dividend Paid to Shareholders						
Shri K.N.Saraogi	–	–	–	–	146.98	146.98
	(–)	(–)	(–)	(–)	(809.35)	(809.35)
Smt. Meenakshi Saraogi	–	–	–	106.83	–	106.83
	(–)	(–)	(–)	(415.33)	(–)	(415.33)
Shri Vivek Saraogi	–	–	–	138.64	–	138.64
	(–)	(–)	(–)	(262.68)	(–)	(262.68)
Shri Kishor Shah	–	–	–	0.30	–	0.30
	(–)	(–)	(–)	(1.22)	(–)	(1.22)
Dr. Arvind Krishna Saxena	–	–	–	0.14	–	0.14
	(–)	(–)	(–)	(0.60)	(–)	(0.60)
Smt. Sumedha Saraogi	–	–	–	–	73.49	73.49
	(–)	(–)	(–)	(–)	(293.97)	(293.97)
Shri Karan Saraogi	–	–	–	–	29.60	29.60
	(–)	(–)	(–)	(–)	(118.40)	(118.40)
Miss Avantika Saraogi	–	–	–	–	28.10	28.10
	(–)	(–)	(–)	(–)	(112.40)	(112.40)
Smt. Stuti Dhanuka	–	–	–	–	37.59	37.59
	(–)	(–)	(–)	(–)	(150.36)	(150.36)
Meenakshi Mercantiles Ltd.	–	–	64.33	–	–	64.33
	(–)	(–)	(224.28)	(–)	(–)	(224.28)
Udaipur Cotton Mills Co. Ltd.	–	–	49.20	–	–	49.20
	(–)	(–)	(196.79)	(–)	(–)	(196.79)
Kamal Nayan Saraogi (HUF)	–	–	58.97	–	–	58.97
	(–)	(–)	(235.87)	(–)	(–)	(235.87)
Vivek Saraogi (HUF)	–	–	1.28	–	–	1.28
	(–)	(–)	(5.10)	(–)	(–)	(5.10)
Kishor Shah (HUF)	–	–	0.04	–	–	0.04
	(–)	(–)	(0.15)	(–)	(–)	(0.15)

2 Notes to accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

(₹ in Lacs)

Nature of transaction / Name of the related party	Subsidiaries	Associate	Enterprises in which KMP and their relatives have substantial interest/ significant influence	Key Managerial Personnel (KMP)	Relatives of KMP	Total
ix) Donation paid						
Balrampur Institute of Vocational Aid	–	–	136.00	–	–	136.00
	(–)	(–)	(45.00)	(–)	(–)	(45.00)
Balrampur Foundation	–	–	24.28	–	–	24.28
	(–)	(–)	(43.50)	(–)	(–)	(43.50)
x) Employees Stock Options #						
Shri Kishor Shah	–	–	–	–	–	–
	(–)	(–)	(–)	(18.00)	(–)	(18.00)
Dr. Arvind Krishna Saxena	–	–	–	–	–	–
	(–)	(–)	(–)	(13.50)	(–)	(13.50)
xi) Corporate Guarantee provided on behalf of a Subsidiary						
Balrampur Overseas Pvt. Ltd.	–	–	–	–	–	–
	(1986.16)	(–)	(–)	(–)	(–)	(1986.16)
xii) Corporate Guarantee withdrawn						
Balrampur Overseas Pvt. Ltd.	1986.16	–	–	–	–	1986.16
	(–)	(–)	(–)	(–)	(–)	(–)
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(3550.00)	(–)	(–)	(–)	(–)	(3550.00)
xiii) Balance Outstanding						
a) Accounts payable						
Smt. Meenakshi Saraogi	–	–	–	–	–	–
	(–)	(–)	(–)	(165.00)	(–)	(165.00)
Shri Vivek Saraogi	–	–	–	–	–	–
	(–)	(–)	(–)	(165.00)	(–)	(165.00)
Shri Kishor Shah	–	–	–	–	–	–
	(–)	(–)	(–)	(54.00)	(–)	(54.00)
Indo Gulf Industries Ltd.	–	–	–	–	–	–
	(74.64)	(–)	(–)	(–)	(–)	(74.64)
b) Inter Corporate Loan receivable						
Indo Gulf Industries Ltd.	360.00	–	–	–	–	360.00
	(356.43)	(–)	(–)	(–)	(–)	(356.43)
c) Amount outstanding against Corporate Guarantee						
Balrampur Overseas Pvt. Ltd.	–	–	–	–	–	–
	(1986.16)	(–)	(–)	(–)	(–)	(1986.16)

@ During the previous period, an amount of ₹7275.00 lacs lying as loan to Subsidiary as on the appointed date was adjusted towards the value of consideration in connection with the merger of sugar unit of Indo Gulf Industries Ltd. (IGIL) with the Company. The Company also paid ₹ 7.49 lacs to make the partly paid shares as fully paid shares in terms of the Scheme sanctioned by BIFR.

Excluding monetary value of perquisites.

c) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.

d) No amount has been written back / written off during the year in respect of due to / from related parties.

e) The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required. During the previous period, provision of ₹ 283.27 lacs made towards diminution in value of investments in shares of IGIL.

f) Figures in brackets pertain to previous period.

Notes forming part of the Financial Statements

2 Notes to accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

14. Disclosure under clause 32 of the Listing Agreement :

Loan given to Subsidiary:

(₹ in Lacs)

Name of Company	Amount outstanding As at 31st March, 2012	Amount outstanding As at 31st March, 2011	Maximum amount outstanding at any time during the Year ended 31st March, 2012	Maximum amount outstanding at any time during the 18 months ended 31st March, 2011
Indo Gulf Industries Ltd.	360.00	356.43	360.00	7500.00

i) Loans to Subsidiary fall under the category of 'Loans and Advances' in the nature of Loans where there is no repayment schedule and are re-payable on demand.

ii) The above loan is interest bearing.

iii) No investments is made by the loanee company in the shares of the Company.

15. a) Pursuant to sanction of the Rehabilitation Scheme containing the Scheme of Arrangement between the Company and Indo Gulf Industries Ltd. (IGIL, a Subsidiary of the Company) by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its order dated 24.06.2010, the Sugar Unit of IGIL, hereinafter referred to as the "Demerged Undertaking", as defined in the Scheme, has been transferred to the Company with effect from the Appointed Date, 1st October, 2008.

b) The loss of Maizapur sugar unit of IGIL pertaining to period 1st October, 2008 to 30th September, 2009 i.e. from the appointed date till 30th September, 2009 amounting to ₹1248.17 lacs has also been recognised in the previous period.

16. Derivative instruments

The Company has entered into derivative contracts to hedge the interest rate and currency risks. The details of derivatives contracts entered into for hedging purposes and outstanding as at 31st March, 2012 are as under:

(₹ in Lacs)

Particulars	Amount of exposure hedged As at 31st March, 2012	Amount of exposure hedged As at 31st March, 2011
Swaps	27306.55	55649.88

17. Value of imports on C.I.F. basis

(₹ in Lacs)

Particulars	Year ended 31st March, 2012	18 months ended 31st March, 2011
a) Raw materials	–	14728.48
b) Components and spare parts*	28.04	22.43

* Spare parts includes store items also.

18. Expenditure in foreign currency

(₹ in Lacs)

Particulars	Year ended 31st March, 2012	18 months ended 31st March, 2011
a) On professional and consultancy	6.07	10.65
b) On travelling	31.82	42.42
c) On interest	935.20	2000.37
d) Others	6.88	5.72

19. Consumption of materials

(₹ in Lacs)

Particulars	Year ended 31st March, 2012 Percentage	Year ended 31st March, 2012 Amount	18 months ended 31st March, 2011 Percentage	18 months ended 31st March, 2011 Amount
a) Imported	–	–	7.04	21719.77
b) Indigenous	100.00	226263.21	92.96	286806.12
Total	**100.00**	**226263.21**	**100.00**	**308525.89**

2 Notes to accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

20. Consumption of spare parts and components*

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
	Percentage	Amount	Percentage	Amount
a) Imported	0.65	13.61	0.70	18.61
b) Indigenous	99.35	2090.86	99.30	2646.40
Total	**100.00**	**2104.47**	**100.00**	**2665.01**

* Spare parts includes store items also.

21. Earnings in foreign exchange

(₹ in Lacs)

Particulars	Year ended 31st March, 2012	18 months ended 31st March, 2011
a) FOB value of exports	–	4940.74
b) Dividend	83.55	–

22. Dividend remitted in foreign currency

The Company has not remitted any amount in foreign currency on account of dividend. The particulars of dividend paid to non-resident shareholders are as under :

Particulars	Year ended 31st March, 2012	18 months ended 31st March, 2011
i) Year to which Dividend relates	31/03/2011	30/09/2009
ii) Number of non-resident shareholders	1770	1277
iii) Number of Ordinary Shares held by them	51553587	41338957
iv) Gross amount of Dividend (₹ in lacs)	386.65	1240.17

23. a) Previous period's figures are for 18 months and hence not comparable with current year's figures which are for 12 months.

b) The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous period's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosures.

As per our report of even date attached.

For **G. P. Agrawal & Co.**
Chartered Accountants
F. R. No. 302082E

For and on behalf of the Board of Directors

(CA. Ajay Agrawal
Membership No. 17643)
Partner

S. K. Agrawala
Company Secretary

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi
Managing Director

Place: Kolkata
Date: 28th May, 2012.

Auditor's Report on Consolidated Financial Statements

To the Board of Directors of
Balrampur Chini Mills Limited

1. We have audited the attached Consolidated Balance Sheet of **BALRAMPUR CHINI MILLS LIMITED**, its Subsidiaries and Associate as at 31st March, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate Financial Statements and other financial information regarding components thereof. Our responsibility is to express an opinion on these Financial Statements based on our audit.

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

3. The Financial Statements for the year ended 31st March, 2012 of Indo Gulf Industries Limited, the Subsidiary Company whose total assets of ₹ 233.26 lacs and total revenue of ₹ 0.93 lac and the related Cash Flows have been proportionately consolidated, have been audited by another auditor whose report has been furnished to us and our opinion, so far it relates to the amount included in respect of the Subsidiary, is based solely on the report of the other auditor.

4. The Financial Statements for the year ended 31st March, 2012 of Balrampur Overseas Private Limited, the wholly owned Subsidiary Company whose total assets of ₹ 145.92 lacs and total revenue of ₹ 0.26 lac and the related Cash Flows have been fully consolidated, have been audited by another auditor whose report has been furnished to us and our opinion, so far it relates to the amount included in respect of the Subsidiary, is based solely on the report of the other auditor.

5. The Financial Statements for the year ended 31st March, 2012 of VA Friendship Solar Park Pvt. Ltd. (Associate Company) in which Company's Share of Profit of ₹ 2.88 lacs have been consolidated, have been audited by another auditor whose report has been furnished to us and our opinion, so far it relates to the amount included in respect of the Associate Company, is based solely on the report of the other auditor.

6. We report that the Consolidated Financial Statements have been prepared by the management of Balrampur Chini Mills Limited in accordance with the requirements of Accounting Standard-21, "Consolidated Financial Statements" and Accounting Standard- 23, "Accounting for Investment in Associate in Consolidated Financial Statements" as notified under Companies (Accounting Standards) Rules, 2006.

7. Based on our audit and on consideration of the reports of other auditors on separate Financial Statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   i) in the case of the Consolidated Balance Sheet, of the state of affairs of Balrampur Chini Mills Limited, its Subsidiaries and Associate as at 31st March, 2012,
   ii) in the case of the Consolidated Statement of Profit and Loss, of the consolidated profit for the year ended on that date, and
   iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

For **G. P. Agrawal & Co.**
Chartered Accountants
F.R. No. 302082E

(CA. Ajay Agrawal
Membership No. 17643)
Partner

Place: Kolkata
Date: 28th May, 2012.

Consolidated Balance Sheet As at 31st March, 2012

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2012		As at 31st March, 2011	
I. EQUITY AND LIABILITIES					
1) Shareholders' funds					
a) Share capital	2.1	2443.14		2562.75	
b) Reserves and surplus	2.2	118765.63		127233.71	
c) Shareholders account [Refer note no. 2.29(4)]		–	121208.77	(860.67)	128935.79
2) Minority interest			–		–
3) Non-current liabilities					
a) Long-term borrowings	2.3	49774.03		35738.42	
b) Deferred tax liabilities (net)	2.4	22447.22		22484.78	
c) Other long-term liabilities	2.5	292.93		187.86	
d) Long-term provisions	2.6	1096.01	73610.19	2651.57	61062.63
4) Current liabilities					
a) Short-term borrowings	2.7	122122.15		129001.88	
b) Trade payables	2.8	61725.78		10074.20	
c) Other current liabilities	2.9	41733.14		50072.88	
d) Short-term provisions	2.10	264.37	225845.44	2373.46	191522.42
Total			420664.40		381520.84
II. ASSETS					
1) Non-current assets					
a) Fixed assets	2.11				
i) Tangible assets		161382.85		171217.91	
ii) Intangible assets		80.97		458.82	
iii) Capital work-in-progress		42.55		608.94	
		161506.37		172285.67	
b) Non-current investments	2.12	4216.09		153.29	
c) Long-term loans and advances	2.13	6208.61		6060.51	
d) Other non-current assets	2.14	84.53	172015.60	139.47	178638.94
2) Current assets					
a) Inventories	2.15	199779.04		149130.58	
b) Trade receivables	2.16	14695.99		8987.83	
c) Cash and bank balances	2.17	1310.66		15836.85	
d) Short-term loans and advances	2.18	15551.85		16279.74	
e) Other current assets	2.19	17311.26	248648.80	12646.90	202881.90
Total			420664.40		381520.84
Basis of consolidation and significant accounting policies	1				
Notes to consolidated accounts	2				
The notes are an integral part of the consolidated financial statements.					

As per our report of even date attached.

For **G. P. Agrawal & Co.**
Chartered Accountants
F. R. No. 302082E

For and on behalf of the Board of Directors

(CA. Ajay Agrawal
Membership No. 17643)
Partner

S. K. Agrawala
Company Secretary

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi
Managing Director

Place: Kolkata
Date: 28th May, 2012.

Statement of Consolidated Profit and Loss For the year ended 31st March, 2012

(₹ in Lacs)

Particulars	Note no.	Year ended 31st March, 2012		18 months ended 31st March, 2011	
I. Revenue from operations (Gross)	2.20				
Sale of goods (Gross)		239031.15		306321.81	
Less: Excise duty and cess		8076.52		9082.84	
Net sale of goods			230954.63		297238.97
Other operating revenue			–		418.05
Revenue from operations (net)			**230954.63**		**297657.02**
II. Other income	2.21		2652.48		2996.43
III. Total revenue (I+II)			**233607.11**		**300653.45**
IV. Expenses:					
Cost of materials consumed	2.22		226263.21		308525.89
Purchases of stock-in-trade	2.23		–		9893.68
Changes in inventories of finished goods, by-products and work-in-progress	2.24		(48709.68)		(115119.01)
Employee benefits expense	2.25		11774.27		16797.77
Finance costs	2.26		14741.12		14864.46
Depreciation and amortisation expense	2.27		11550.05		17312.15
Other expenses	2.28		17832.06		26001.19
Total expenses			**233451.03**		**278276.13**
V. Profit before exceptional and extra ordinary items and tax (III-IV)			**156.08**		**22377.32**
VI. Exceptional items			–		–
VII. Profit before extraordinary items and tax (V-VI)			**156.08**		**22377.32**
VIII. Extraordinary items			–		–
IX. Profit before tax (VII-VIII)			**156.08**		**22377.32**
X. Tax expense					
Current tax (MAT)		156.00		3754.00	
Less: MAT credit entitlement		–		3754.00	
Net current tax		156.00		–	
Deferred tax (write back)/charge		(37.56)		2097.00	
Tax provision for earlier years written back		(2.92)		(3.80)	
MAT credit entitlement write down		–	115.52	4016.18	6109.38
XI. Profit after tax but before adjustment of minority interest and share of Associate (IX-X)			**40.56**		**16267.94**
Profit attributable to minority shareholders			–		–
Add: Share of profit in Associate			2.88		1.22
XII. Profit for the year			**43.44**		**16269.16**
XIII. Earnings per share (Nominal value per share ₹ 1/-) [Refer note no. 2.29(8)]					
- Basic (₹)			0.02		6.29
- Diluted (₹)			0.02		6.28
Number of shares used in computing earnings per share					
- Basic			245840964		258756052
- Diluted			245972374		258890232
Basis of consolidation and significant accounting policies	1				
Notes to consolidated accounts	2				
The notes are an integral part of the consolidated financial statements.					

As per our report of even date attached.

For **G. P. Agrawal & Co.**
Chartered Accountants
F. R. No. 302082E

For and on behalf of the Board of Directors

(CA. Ajay Agrawal
Membership No. 17643)
Partner

S. K. Agrawala
Company Secretary

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi
Managing Director

Place: Kolkata
Date: 28th May, 2012.

Consolidated Cash Flow Statement For the year ended 31st March, 2012

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit before exceptional items and extra ordinary items and tax		**156.08**		**22377.32**
Adjustments to reconcile profit before exceptional items and extra ordinary items and tax to net cash flow provided by operating activities :				
Finance costs	14741.12		14864.46	
Depreciation and amortisation expense	11550.05		17312.15	
Loss on sale/discard of fixed assets	253.37		1823.35	
Sundry debit balances / advances written off	0.40		471.22	
Share issue expenses written off	–		53.27	
Transfer to storage fund for molasses	24.91		78.40	
Bad debts written off	–		404.19	
Investments written off	–		38.42	
Provision for doubtful debts/advances	–		98.71	
Interest income	(1475.58)		(933.47)	
Profit on sale of fixed assets	(66.15)		(18.84)	
Unspent liabilities/balances written back	(579.03)		(129.42)	
Provision for doubtful debts/advances written back	(1.35)		(555.19)	
Provision for wealth tax for earlier years written back	(1.88)		–	
Provision for contingencies written back	–		(0.45)	
Provision for diminution in value of investments written back	–		(1.47)	
Storage fund for molasses written back	(130.57)		–	
Expense on employee stock option scheme	(2.32)		239.72	
Unrealised exchange rate fluctuation - loss/(gain)	895.48	25208.45	(11.08)	33733.97
Operating profit before working capital changes		**25364.53**		**56111.29**
Adjustments to reconcile operating profit to cash flow provided by changes in working capital :				
Increase/(decrease) in trade payables	52667.62		(2450.11)	
Increase in other long-term and current liabilities	1786.12		11099.67	
Increase in provision for employee benefits/wealth tax	39.91		21.90	
Increase in inventories	(50648.46)		(114018.95)	
Increase in trade receivables	(5708.16)		(7428.11)	
Decrease in long-term and short-term loans and advances	2619.65		8222.52	
Increase in other non-current and current assets	(4769.53)	(4012.85)	(12298.98)	(116852.06)
Cash generated from / (used in) operations		**21351.68**		**(60740.77)**
Tax expense (excluding wealth tax)		(1803.78)		(2189.06)
Cash flow before exceptional and extraordinary items		**19547.90**		**(62929.83)**
Exceptional / extraordinary items		–		–
Net cash generated / (used in) operating activities (A)		**19547.90**		**(62929.83)**
B CASH FLOW FROM INVESTING ACTIVITIES				
Additions to fixed assets (including intangibles)	(1513.24)		(6049.43)	
Sale of fixed assets	559.53		708.24	
Purchase of shares of associate	(12.14)		(225.01)	
Purchase of shares of other companies	–		(0.70)	
Purchase of national savings certificates	(2.05)		(1.10)	
Fixed deposits placed with banks	(153.16)		(261.65)	
Fixed deposits redeemed from banks	305.57		81.78	
Loan given to corporates/others	(5176.00)		(7552.00)	
Loan received back from corporates/others	2700.00		202.00	
Purchase of debentures	(4050.00)		–	
Interest received on loan to corporate/others	1681.94		548.65	
Net cash used in investing activities (B)		**(5659.55)**		**(12549.22)**

Consolidated Cash Flow Statement For the year ended 31st March, 2012 (contd..)

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from exercise of equity stock options	–		1316.23	
Buy back of equity shares	(7701.60)		(3265.96)	
Capital subsidy	–		21.80	
Proceeds from long-term borrowings	40000.00		–	
Repayment of long-term borrowings	(36236.91)		(25754.85)	
Proceeds/(repayment) of short-term borrowings	(6879.73)		127686.42	
Interest expense	(15085.44)		(15238.02)	
Other borrowing costs	(301.90)		(96.47)	
Dividend paid	(1832.35)		(7753.41)	
Dividend distribution tax paid	(297.26)		(1317.69)	
Net cash (used in) / generated from financing activities (C)		**(28335.19)**		**75598.05**
D FOREIGN CURRENCY TRANSLATION RESERVE (D)		16.23		(12.02)
Net (decrease) / increase in cash and cash equivalents (A+B+C+D)		**(14430.61)**		**106.98**
Opening cash and cash equivalents		15494.64		15387.66
Closing cash and cash equivalents [Refer note no.2.17]		**1064.03**		**15494.64**

1) The above Consolidated Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement notified under the Companies (Accounting Standards) Rules, 2006.
2) Interest expense is exclusive of, and additions to fixed assets is inclusive of, interest capitalised Nil (previous period Nil).
3) Additions to fixed assets include movement of Capital work-in-progress during the year.
4) Consideration for purchase of shares of Associate Company fully discharged by means of Cash.
5) Proceeds / (repayment) from Short-term borrowings have been shown on net basis.
6) Cash and cash equivalents do not include any amount which is not available to the Company for its use.
7) Cash and cash equivalents as at the Balance Sheet date consists of:

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
a) Balance with banks on current accounts		865.98		2803.90
b) Cheques on hand		0.23		69.44
c) Cash on hand		197.82		121.30
d) Short-term, highly liquid investments in mutual fund [Refer Note no. 2.17]		–		12500.00
		1064.03		**15494.64**

8) Figure in brackets represent cash outflow from respective activities.
9) As breakup of Cash and cash equivalents is also available in Note no. 2.17, reconciliation of items of Cash and cash equivalents as per Consolidated Cash Flow Statement with the equivalents items reported in the Consolidated Balance Sheet is not required and hence not provided.
10) Due to adoption of Revised Schedule VI in preparation of current year's consolidated financial statements previous period figures for 18 months ended 31st March, 2011 in Consolidated Cash Flow Statement have been reclassified to confirm to current year's classification.

As per our report of even date attached.

For **G. P. Agrawal & Co.**
Chartered Accountants
F. R. No. 302082E

For and on behalf of the Board of Directors

(CA. Ajay Agrawal
Membership No. 17643)
Partner

S. K. Agrawala
Company Secretary

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi
Managing Director

Place: Kolkata
Date: 28th May, 2012.

Notes forming part of the Consolidated Financial Statements

1 Basis of consolidation and significant accounting policies

1.1 Basis of consolidation

The consolidated financial statements relate to Balrampur Chini Mills Limited ("The Company"), its Subsidiaries and Associate. The Company and its Subsidiaries constitute the Group.

1.1.1 Basis of preparation of consolidated financial statements

a) The consolidated financial statements of the Subsidiary Companies used in the consolidation are drawn upto the same balance sheet date as of the Company i.e. 31st March, 2012.

b) The consolidated financial statements of the Group have been prepared in accordance with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and other Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis except certain tangible fixed assets which are carried at revalued amount.

GAAP comprises mandatory Companies (Accounting Standards) Rules, 2006 notified by the Central Government of India under Section 211(3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of Subsidiaries and Associate in the audited financial statements prepared for consolidation in accordance with the requirements of Accounting Standard - 21 and Accounting Standard - 23 by each of the included entities.

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of operations and time between the procurement of raw material and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

1.1.2 Use of estimates

The preparation of the Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure during the period. Actual results might differ from the estimates. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

1.1.3 Principles of consolidation

The Consolidated Financial Statements have been prepared on the following basis

a) The Financial Statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses have been fully eliminated.

b) Non-integral Foreign Operations of Foreign Subsidiary
Revenue items are consolidated at the average rate prevailing during the period. All assets and liabilities are converted at the rate prevailing at the end of the period. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

c) The Consolidated Financial Statements include the Share of Profit of the Associate Company which has been accounted as per the "Equity Method";

The Company's investment in associate includes goodwill identified on consolidation, net of any accumulated impairment loss and accordingly, the Share of Profit of the Associate Company has been added to the carrying cost of the investment.

An Associate is an enterprise in which the Company has significant influence and which is neither a Subsidiary nor a Joint Venture of the Company.

d) The excess of cost to the Company of its Investments in the Subsidiaries and Associate over its Share of Equity of the Subsidiaries and Associate, at the date on which the investments are made, is recognised as "Goodwill" being an asset in the Consolidated Financial Statements. The Goodwill so arising on consolidation of subsidiary is amortised in 5 years.

In respect of investment in associates, the carrying amount of goodwill is included in the carrying amount of investment. Such goodwill is not amortised but is tested for impairment annually and whenever impairment indicators require, an impairment charge on such investment is recognised in the Statement of Profit and Loss and such charge is shown under Depreciation and amortisation expense.

e) The Minority Interest in the net assets of the Subsidiary (other than 100% wholly owned Subsidiary) on the date of Balance

Notes forming part of the Consolidated Financial Statements

1 Basis of consolidation and significant accounting policies (contd...)

Sheet is Nil as the net worth of the Subsidiary has been fully eroded. Accordingly, the Minority Share in the loss up to the date of Investment in the Subsidiary has been adjusted with the Share of Majority and shown as Goodwill. Minority Share of losses subsequent to the date of Investment has also been adjusted with the Share of the Majority.

f) Companies considered in the Consolidated Financial Statements

Name of the Company	Country of Incorporation	Percentage of ownership interest as at		Financial year ends on
		31.03.2012	31.03.2011	
Subsidiaries				
Indo Gulf Industries Ltd.	India	53.96%	53.96%	31st March
Balrampur Overseas Pvt. Ltd.	Hong Kong	100.00%	100.00%	31st March
Associate				
VA Friendship Solar Park Pvt. Ltd.	India	45.00%	42.50%	31st March

1.2 Significant accounting policies

1.2.1 Fixed assets, intangible assets and capital work-in-progress

a) Fixed Assets are stated at their original cost (net of accumulated depreciation and impairments) adjusted by revaluation of Land, Building, Plant & Machinery, Railway Siding and Tube well of the Balrampur Unit as at 30th June, 1988; Land, Building and Plant & Machinery of Tulsipur Unit as at 31st March, 1999. Cost, net of cenvat, includes acquisition price, import duties, other non-refundable taxes and levies, attributable expenses and pre-operational expenses including finance charges, wherever applicable.

b) Intangible assets expected to provide future enduring economic benefits are recorded at the consideration paid for acquisition of such assets and are carried at cost of acquisition less accumulated amortisation and impairment, if any.

c) Expenditure during construction period: Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses pending allocation to the assets and are shown under "Capital work-in-progress". Capital work-in-progress is stated at the amount expended upto the date of Balance Sheet for the cost of fixed assets that are not yet ready for their intended use.

1.2.2 Depreciation and amortisation

a) Depreciation on Fixed Assets is provided on Straight Line method in accordance with the rates as specified in Schedule XIV to the Companies Act, 1956 (as amended) other than on Power Transmission lines and Mobile Phones. Power Transmission Lines are depreciated over a period of five years and Mobile Phones over a period of three years on straight line basis. In case of a subsidiary namely Indo Gulf Industries Ltd., Mobile Phones are depreciated at the rate specified in Schedule XIV to the Companies Act, 1956.

b) Depreciation/amortisation on assets added, sold or discarded during the year has been provided on pro-rata basis.

c) Lease hold land in the nature of perpetual lease is not amortised. Other lease hold land are amortised over the period of the lease.

d) Computer Software (Acquired) are amortised on straight line basis over a period of five years.

1.2.3 Investments

Investments are either classified as current or long-term based on Management's intention at the time of purchase. Long-term investments are carried at cost less provisions for diminution recorded to recognise any decline, other than temporary, in the carrying value of each investment. Current investments are carried at the lower of cost and fair value, category wise. Cost for overseas investments comprises of the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Cost includes acquisition charges such as brokerage, fee and duties.

1.2.4 Inventories

a) Inventories (other than By-products and Standing crop) are valued at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventory comprises of purchase price, cost of conversion and other cost that have been incurred in bringing the inventories to their respective present location and condition. Interest costs are not included in value of inventories. The cost of Inventories is computed on weighted average basis.

b) Assets identified and technically evaluated as obsolete and held for disposal are valued at their estimated net realisable value.

c) By-products and Standing Crop are valued at net realisable value.

1.2.5 Revenue recognition

a) Sale of goods is recognised at the time of transfer of substantial risk and rewards of ownership to the buyer for a consideration.

b) Gross turnover includes excise duty but excludes sales tax / VAT.

Notes forming part of the Consolidated Financial Statements

1 Basis of consolidation and significant accounting policies (contd...)

c) Dividend income is recognised when the Company's right to receive dividend is established.

d) Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

e) All other income are accounted for on accrual basis.

1.2.6 Expenses

All the expenses are accounted for on accrual basis.

1.2.7 Government grants

a) Government grants related to specific fixed assets are adjusted with the value of the fixed asset. If not related to a specific fixed asset, it is credited to Capital Reserve.

b) Government grants related to revenue items are adjusted with the related expenditure. If not related to a specific expenditure, it is taken as income.

1.2.8 Provisions, contingent liabilities and contingent assets

Provision is recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

A provision is recognised if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the balance sheet date.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

Re-imbursement expected in respect of expenditure to settle a provision is recognised only when it is virtually certain that the re-imbursement will be received.

A Contingent asset is not recognised in the accounts.

1.2.9 Impairment of assets

Impairment loss, if any, is recognised to the extent, the carrying amount of assets exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amount of assets to the extent that it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

After impairment, depreciation or amortisation on assets is provided on the revised carrying amount of the respective asset over its remaining useful life.

1.2.10 Foreign currency transactions

a) Transactions in Foreign currency are initially recorded at the exchange rate at which the transaction is carried out.

b) Monetary Assets and Liabilities related to foreign currency transactions remaining outstanding at the year end are translated at the year end rate.

   Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) In case of items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference. The premium or discount on forward exchange contracts is recognised over the period of the respective contract.

d) Any income or expense on account of exchange difference either on settlement or on translation at the year end is recognised in the Statement of Profit and Loss.

1.2.11 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset is capitalised as part of the cost of such asset till such time the asset is ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss in the period in which they are incurred.

1.2.12 Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

1 Basis of consolidation and significant accounting policies (contd...)

1.2.13 Employee benefits

a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

b) Long-term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services. The expense is recognised at the present value of the amount payable as per actuarial valuations. Actuarial gains and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

1.2.14 Employee stock option scheme

In respect of employee stock options granted pursuant to the Company's Employee Stock Option Scheme, the intrinsic value of the option (excess of market price of the share on the date of grant over the exercise price of the option) is treated as discount and amortised as employee compensation cost on a straight line basis over the vesting period.

1.2.15 Taxes on income

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain to be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternate tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

1.2.16 Derivative contracts

The Company uses derivative contracts to hedge the interest rate and currency risks. The Company does not use these contracts for trading or speculation purposes.

1.2.17 Segment reporting

Segments are identified based on the dominant source and nature of risks and returns and the internal organisation and management structure. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

a) Inter segment revenue is accounted for based on the transaction price agreed to between segments which is primarily market led.

b) Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been disclosed as "Unallocable".

1.2.18 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of any extra ordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares.

1.2.19 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts

Note: 2.1 Share capital

Particulars	As at 31st March, 2012 No. of shares	As at 31st March, 2012 ₹ in Lacs	As at 31st March, 2011 No. of shares	As at 31st March, 2011 ₹ in Lacs
a) Authorised				
Equity shares of par value ₹ 1/- each	400000000	4000.00	400000000	4000.00
Preference shares of par value ₹ 100/- each	2500000	2500.00	2500000	2500.00
		6500.00		6500.00
b) Issued, subscribed and fully paid up				
Equity shares of par value ₹ 1/- each	244313923	2443.14	256274911	2562.75
		2443.14		2562.75
Issue of 17270 (previous period 17270) equity shares on Rights basis has been kept in abeyance in view of pending dispute.				
c) Reconciliation of number and amount of equity shares outstanding at the beginning and at the end of the reporting year				
Outstanding at the beginning of the year	256274911	2562.75	256755060	2567.55
Add:				
i) Shares issued on exercise of employees stock options [Refer note no.2.29(5)]	–	–	2924950	29.25
ii) Shares issued to the shareholders of Indo Gulf Industries Ltd. pursuant to Scheme of Arrangement	–	–	44048	0.44
	256274911	2562.75	259724058	2597.24
Less: Shares bought back during the year/period *	11960988	119.61	3449147	34.49
[Refer note no. 2.29(4)]				
Outstanding at the end of the year	**244313923**	**2443.14**	**256274911**	**2562.75**
* Shares bought back during the period denotes actual number of shares extinguished during the period on account of buy back.				

d) The Company has only one class of equity shares. The Company declares and pays dividend in Indian rupees. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share.

e) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

f) The details of shareholders holding more than 5% of the equity shares in the Company:

Name of the shareholders	As at 31st March, 2012 No. of shares held	As at 31st March, 2012 % of holding	As at 31st March, 2011 No. of shares held	As at 31st March, 2011 % of holding
Life Insurance Corporation of India	19995490	8.18	19995490	7.80
Shri Kamal Nayan Saraogi	19597219	8.02	19597219	7.65
Shri Vivek Saraogi	18485101	7.57	18485101	7.21
Smt. Meenakshi Saraogi	14244300	5.83	14244300	5.56

g) The Company has issued an aggregate of 44048 upto 31st March, 2012 (Previous period 44048 upto 31st March, 2011) fully paid up equity shares of par value ₹ 1/- each without payment being received in cash in the last 5 years immediately proceeding the balance sheet date.

h) The Company has bought back an aggregate of 15410135 upto 31st March, 2012 (Previous period 4678678 upto 31st March, 2011) equity shares in the last 5 years immediately preceding the balance sheet date. 1229531 equity shares bought back during the previous period but not extinguished as on 31.03.2011, were extinguished during the year [Refer note no. 2.29(4)].

i) The Company has reserved 326650 (Previous period 333650) equity shares of par value ₹ 1/- each for issue at a premium of ₹ 44/- each to eligible employees of the Company under Employees Stock Option Scheme. All these shares are vested and are exercisable at any point of time.

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.2 Reserves and surplus

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
a) Capital reserves				
Balance as per last account	1028.22		1006.42	
Add: Capital subsidy	–	1028.22	21.80	1028.22
b) Capital redemption reserve				
Balance as per last account	2534.49		2500.00	
Add: Transfer from General reserve on buy back of equity shares [Refer note no. 2.29(4)]	119.61	2654.10	34.49	2534.49
c) Securities premium account				
Balance as per last account	51835.51		49811.81	
Add: On exercise of employees stock options	–		1984.94	
Add: On issue of shares to the shareholders of Indo Gulf Industries Ltd. pursuant to Scheme of Arrangement	–	51835.51	38.76	51835.51
d) Revaluation reserve				
Balance as per last account		18.24		18.24
e) Share options outstanding account				
Balance as per last account	112.44		840.82	
Less: Options exercised	–		697.96	
Less: Options forfeited	2.32	110.12	30.42	112.44
f) General reserve				
Balance as per last account	64335.71		56741.00	
Add: Transfer from Surplus in the Statement of Profit and Loss	–		10000.00	
	64335.71		66741.00	
Less: Utilised on buy back of equity shares	8442.66		2370.80	
Less: Transfer to Capital redemption reserve [Refer note no. 2.29(4)]	119.61	55773.44	34.49	64335.71
g) Storage fund for molasses				
Balance as per last account	146.22		67.82	
Add: Created during the year/period	24.91		78.40	
	171.13		146.22	
Less: Utilised during the year	130.57	40.56	–	146.22
h) Foreign currency translation reserve				
Balance as per last account	6.93		18.95	
Add/(Less): Translation difference	16.23	23.16	(12.02)	6.93
i) Surplus in the Statement of Profit and Loss				
Balance as per last account	7215.95		80.05	
Add: Adjustment on account of restructuring	–		3078.62	
Dividend on equity shares (including tax on dividend ₹ 3.19 lacs) for previous period written back	22.89		–	
	7238.84		3158.67	
Add: Profit for the year/period	43.44		16269.16	
Amount available for appropriation	7282.28		19427.83	
Less :Appropriations:				
Dividend on equity shares (including tax on dividend ₹ 8.62 lacs) for previous year	–		59.38	
Proposed dividend	–		1852.05	
Tax on proposed dividend	–		300.45	
Transfer to general reserve	–		10000.00	
Total appropriation	–		12211.88	
Balance as at the balance sheet date		7282.28		7215.95
		118765.63		127233.71

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.2 Reserves and surplus *(contd...)*

i) General reserve is primarily created to comply with the requirements of Section 205 (2A) of the Companies Act, 1956. This is a free reserve and can be utilised for any general purpose like for issue of bonus shares, payment of dividend, buy back of shares etc.

ii) The storage fund for molasses has been created to meet the cost of construction of molasses storage tank as required under Uttar Pradesh Sheera Niyantran (Sansodhan) Adesh, 1974 and the said storage fund is represented by investment in the form of fixed deposits with banks amounting to ₹ 49.62 Lacs (Previous period ₹ 175.04 Lacs).

iii) During the previous period ended 31st March, 2011, Dividend @ ₹ 0.75 per equity share was recognised as distribution to equity shareholders.

Note: 2.3 Long-term borrowings *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Term loans				
From banks				
Secured				
Rupee loans:				
State Bank of India (SBI)	15000.00		–	
Yes Bank Ltd. (YBL)	17500.00		–	
State Bank of India (SBI) (Interest Free)	–		28.82	
External commercial borrowings (ECBs)				
The Royal Bank of Scotland, N.V. (RBS)	–		2400.63	
State Bank of India (SBI)	2757.30		8271.90	
Standard Chartered Bank (SCB)	–		1311.60	
UCO Bank (UCO)	–		4120.50	
CITI Bank (CITI)	–	35257.30	1473.40	17606.85
From entities other than banks				
Secured				
Rupee loan:				
Government of India, Sugar Development Fund (SDF)	7257.86		8990.15	
External commercial borrowing (ECB)				
International Finance Corporation, Washington (IFC)	6950.49	14208.35	8833.04	17823.19
		49465.65		35430.04
Deferred sales tax loan				
Unsecured		308.38		308.38
		49774.03		**35738.42**

a) Nature of securities:

i) Rupee Term Loans from SDF are secured by an exclusive second charge by way of equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Balrampur, Haidergarh, Akbarpur, Mankapur, Kumbhi, Gularia and Rauzagaon.

ii) Rupee Term Loan from YBL is secured by way of subservient charge on all movable fixed assets, both present and future, pertaining to all sugar and co-generation units of the Company.

iii) Rupee Term Loan from SBI is secured by way of first charge on movable fixed assets pertaining to Company's sugar units at Babhnan, Tulsipur, Akbarpur and Maizapur and Chemical unit at Balrampur and is further secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of all the sugar units of the Company.

Note: 2.3 Long-term borrowings *(contd...)*

iv) a. Interest Free Rupee Term Loan from SBI amounting to ₹ Nil, previous period ₹ 4853.00 lacs was secured by way of residual charge on immovable properties, both present and future, pertaining to Company's all sugar units (excluding Maizapur sugar unit), hypothecation of movable properties (excluding current assets and books debts), both present and future, pertaining to Company's sugar unit at Balrampur, ranking pari passu with Punjab National Bank (PNB) and residual charge on movable properties (excluding current assets and book debts), pertaining to other sugar units of the Company (excluding Maizapur sugar unit). As the amount outstanding on 31/03/2011 was payable entirely within one year, the same has been included in the line item "Current maturities of long-term debt" under the head "Other current liabilities" as at 31st March, 2011. The loan has been repaid in full in the current year and formalities regarding satisfaction of charge are in progress.

b. Interest Free Rupee Term Loan from SBI amounting to ₹ 28.82 lacs, previous period ₹ 114.96 lacs is secured by way of residual charge on movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar unit at Maizapur, and is to be further secured by way of residual charge on immovable properties, both present and future, pertaining to Company's sugar unit at Maizapur.

v) Interest Free Rupee Term Loan from PNB amounting to ₹ Nil, previous period ₹ 224.00 lacs was secured by way of residual charge on movable properties (excluding current assets and book debts), pertaining to Company's sugar unit at Balrampur, both present and future, ranking pari passu with SBI. As the amount outstanding on 31st March, 2011 was payable entirely within one year, the same has been included in the line item "Current maturities of long-term debt" under the head "Other current liabilities" as at 31st March, 2011. The loan has been repaid in full in the current year and formalities regarding satisfaction of charge are in progress.

vi) ECB from IFC is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties and residual charge on current assets, both present and future, pertaining to Company's sugar and co-generation units at Haidergarh and Rauzagaon.

vii) ECB from SBI is secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Kumbhi and Gularia.

viii) ECB from RBS is secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Mankapur.

ix) ECB from CITI is secured by way of hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Kumbhi and Gularia.

x) ECB from SCB is secured by way of hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's co-generation unit at Balrampur.

xi) ECB from UCO is secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Kumbhi and Gularia.

xii) ECB from DBS Bank Ltd. (DBS) was secured by way of first equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar unit at Balrampur. As the amount outstanding on 31st March, 2011 was payable entirely within one year, the same has been included in the line item "Current maturities of long-term debt" under the head "Other current liabilities" as at 31st March, 2011.

xiii) ECB from Cooperative Centrale Raiffeisen - Boerenleenbank, B.A. (CCRB) was secured by way of first pari passu equitable mortgage on immovable properties and hypothecation of movable properties (excluding current assets and book debts), both present and future, pertaining to Company's sugar and co-generation units at Kumbhi and Gularia. As the amount outstanding on 31st March, 2011 was payable entirely within one year, the same has been included in the line item "Current maturities of long-term debt" under the head "Other current liabilities" as at 31st March, 2011.

2 Notes to consolidated accounts (contd...)

Note: 2.3 Long-term borrowings *(contd...)*

b) Terms of repayment :

Name of the banks / entities	Amount outstanding as on 31st March, 2012 Current (₹ in Lacs)	Non-current (₹ in Lacs)	Period of maturity w.r.t. the Balance Sheet date	Number of installments outstanding as on 31/03/2012	Amount of each installment (₹ in Lacs)
Government of India, Sugar Development Fund	143.10	–	4 months 11 days	1	143.10
	194.77	292.16	2 years 10 days	5	97.39
	174.90	349.80	3 years 7 months 24 days	6	87.45
	638.88	1916.64	3 years 9 months 5 days	8	319.44
	237.67	831.80	4 years 3 months 14 days	9	118.83
	342.97	1200.44	4 years 5 months 18 days	9	171.49
	–	2667.02	8 years 5 months 15 days	5	533.40
Sub-total	**1732.29**	**7257.86**			
Yes Bank Ltd.	2500.00	17500.00	2 years 8 months 12 days	8	2500.00
State Bank of India (Term loan)	5000.00	15000.00	2 years 6 months	8	2500.00
State Bank of India (Interest free)	28.82	–	3 months	3	*9.58
International Finance Corporation, Washington ***	2778.03	6950.49	3 years 5 months 15 days	7	**1389.01
State Bank of India (ECB)	5514.60	2757.30	1 year 4 months 9 days	3	2757.30
The Royal Bank of Scotland, N.V.	2400.63	–	7 months 1 day	2	1200.32
CITI Bank	1473.40	–	10 months 15 days	1	1473.40
Standard Chartered Bank	1311.60	–	11 months 22 days	1	1311.60
UCO Bank	4120.50	–	1 month 2 days	1	4120.50
Deferred Sales Tax Loan ****	–	308.38			
Total	**26859.87**	**49774.03**			

* Except last installment of ₹ 9.66 Lacs.

** Except last installment of ₹ 1394.43 Lacs.

*** External commercial borrowing from IFC is drawn in US Dollars and the installment amount has been determined on the basis of applicable exchange rate prevailing on the Balance Sheet date.

**** Repayment terms are yet to be finalised.

Terms of repayment for loans which have been fully repaid during the year are not included above.

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.4 Deferred tax liabilities (net)

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Deferred tax liabilities				
Depreciation		28270.52		28340.47
Less: Deferred tax assets				
Carried forward losses	3368.11		3414.17	
Expenses allowable for tax purposes when paid	2455.19	5823.30	2441.52	5855.69
		22447.22		**22484.78**

Carried forward losses have been recognised as deferred tax assets as per latest Income Tax assessment order / return of income filed by the Company as there is virtual certainty that such deferred tax asset can be realised against future taxable profits in the forthcoming financial years.

Deferred tax assets and deferred tax liabilities have been offset wherever they relate to the same governing taxation laws.

Note: 2.5 Other long-term liabilities

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Retention monies		3.29		6.65
Interest accrued but not due on borrowings		289.64		181.21
		292.93		**187.86**

Note: 2.6 Long-term provisions

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Provision for employee benefits - unavailed leave		195.66		201.47
Provision for taxation	3383.35		14193.97	
Less : Advance tax	2510.31	873.04	11770.75	2423.22
Provision for wealth tax	52.00		83.00	
Less : Advance wealth tax	24.69	27.31	56.12	26.88
		1096.01		**2651.57**

Note: 2.7 Short-term borrowings

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Loans repayable on demand				
Working capital loans				
From banks				
Secured				
State Bank of India (SBI)	92743.52		97691.26	
Punjab National Bank (PNB)	–		1310.62	
HDFC Bank Ltd. (HDFC)	28.11	92771.63	–	99001.88
Unsecured		9350.61		30000.00
		102122.24		129001.88
Other loans and advances				
Working capital loans				
From banks				
Unsecured		19999.91		–
		122122.15		**129001.88**
Summary of short-term borrowings				
Secured borrowings		92771.63		99001.88
Unsecured borrowings		29350.52		30000.00
		122122.15		**129001.88**

2 Notes to consolidated accounts (contd...)

Note: 2.7 Short-term borrowings *(contd...)*

Nature of securities:

i) Working capital loans with SBI are secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Balrampur, on pari passu basis with PNB, sugar unit at Babhnan, on pari passu basis with HDFC and hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, of other sugar units of the Company, by way of 1st charge on the entire fixed assets of Maizapur sugar unit of the Company and further secured / to be secured by way of 3rd charge on fixed assets of all other sugar units, except Maizapur sugar unit, of the Company.

ii) Working capital loan with PNB is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Balrampur, ranking pari passu with SBI.

iii) Working capital loan with HDFC is secured by way of hypothecation of entire stock of sugar, sugar in process, mill stores, bagasse, molasses and other current assets including book debts, both present and future, pertaining to Company's sugar unit at Babhnan, ranking pari passu with SBI.

Note: 2.8 Trade payables

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Total outstanding dues of Micro and Small Enterprises		23.95		74.81
[Refer note no. 2.29(3)]				
Total outstanding dues of other than Micro and Small Enterprises		61701.83		9999.39
		61725.78		10074.20

Note: 2.9 Other current liabilities

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Current maturities of long-term debt *		26859.87		36236.91
Interest accrued but not due on borrowings		620.11		1374.77
Unpaid dividend **		138.64		136.16
Other payables				
Payable to suppliers of capital goods				
Total outstanding dues of Micro and Small Enterprises [Refer note no. 2.29(3)]	3.56		0.12	
Total outstanding dues of other than Micro and Small Enterprises	113.23		204.22	
	116.79		204.34	
Advance from customers and others	583.40		258.13	
Retention monies	148.54		499.94	
Security deposits	181.61		163.96	
Statutory liabilities ***	10635.27		8666.14	
Excess price of levy sugar	–		34.96	
Book overdraft balances	230.81		157.74	
Unpaid salaries and other payroll dues	1481.74		1427.35	
Accrued expenses	627.13		564.47	
Others	109.23	14114.52	348.01	12325.04
		41733.14		50072.88

* Refer note no. 2.3 (a) & (b) for nature of securities and terms of repayment respectively.

** There are no amounts due and outstanding to be credited to Investor Education & Protection Fund under Section 205C of the Companies Act, 1956.

*** Include excise duty and cess on closing stock (₹ in Lacs)	7291.38	5762.25

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.10 Short-term provisions *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Provision for employee benefits - unavailed leave		214.03		170.62
Other provisions				
Proposed dividend	–		1852.05	
Provision for tax on proposed dividend	–		300.45	
Provision for contingencies [Refer note no.2.29(2)]	50.34	50.34	50.34	2202.84
		264.37		**2373.46**

Note: 2.11 Fixed assets *(₹ in Lacs)*

	Tangible assets									Intangible assets				
Particulars	Land (free hold)	Land (lease hold)	Buildings	Plant and equipment	Railway sidings	Furniture and fixtures	Vehicles	Office equipments	Total	Computer software (acquired)	Goodwill on consolidation	Total	Capital work-in-progress	Grand total
Gross block														
Gross carrying amount as at 01.04.2011	7212.18	484.49	50177.44	188525.54	8.68	1733.10	2131.25	1559.79	251832.47	9.58	1897.55	1907.13	608.94	254348.54
Additions during the year	–	–	204.60	1422.26	–	114.82	119.58	104.00	1965.26	114.37	–	114.37	353.54	2433.17
Inter head adjustments during the year	–	–	–	(4.40)	–	–	–	4.40	–	–	–	–	–	–
Disposals/deductions during the year	639.82	–	115.78	169.82	–	19.78	155.57	38.40	1139.17	–	–	–	919.93	2059.10
Gross carrying amount as at 31.03.2012	**6572.36**	**484.49**	**50266.26**	**189773.58**	**8.68**	**1828.14**	**2095.26**	**1629.79**	**252658.56**	**123.95**	**1897.55**	**2021.50**	**42.55**	**254722.61**
Depreciation/amortisation														
Opening accumulated depreciation/amortisation	–	29.24	8109.86	69279.67	5.38	980.46	1276.77	933.18	80614.56	5.22	1443.09	1448.31	–	82062.87
Depreciation/amortisation for the year	–	6.04	1098.03	9601.52	0.41	70.50	134.94	142.13	11053.57	37.76	454.46	492.22	–	11545.79
Inter head adjustments during the year	–	–	–	(0.07)	–	–	–	0.07	–	–	–	–	–	–
Disposals/deductions during the year	–	–	80.72	156.44	–	19.11	106.06	30.09	392.42	–	–	–	–	392.42
Closing accumulated depreciation/amortisation	**–**	**35.28**	**9127.17**	**78724.68**	**5.79**	**1031.85**	**1305.65**	**1045.29**	**91275.71**	**42.98**	**1897.55**	**1940.53**	**–**	**93216.24**
Net carrying amount														
Net block as at 31.03.2012	**6572.36**	**449.21**	**41139.09**	**111048.90**	**2.89**	**796.29**	**789.61**	**584.50**	**161382.85**	**80.97**	**–**	**80.97**	**42.55**	**161506.37**

Note: 2.11 Fixed assets *(previous period)* *(₹ in Lacs)*

	Tangible assets									Intangible assets				
Particulars	Land (free hold)	Land (lease hold)	Buildings	Plant and equipment	Railway sidings	Furniture and fixtures	Vehicles	Office equipments	Total	Computer software (acquired)	Goodwill on consolidation	Total	Capital work-in-progress	Grand total
Gross block														
Gross carrying amount as at 01.04.2009	6791.57	473.66	48136.98	186526.74	11.13	1621.86	1935.29	1487.27	246984.50	4.58	1897.55	1902.13	779.55	249666.18
Additions during the period *	427.31	10.83	1961.60	5993.08	–	148.26	422.48	116.71	9080.27	–	–	–	6169.06	15249.33
Disposals/deductions during the period	6.70	–	(78.86)	3994.28	2.45	37.02	226.52	44.19	4232.30	(5.00)	–	(5.00)	6339.67	10566.97
Gross carrying amount as at 31.03.2011	**7212.18**	**484.49**	**50177.44**	**188525.54**	**8.68**	**1733.10**	**2131.25**	**1559.79**	**251832.47**	**9.58**	**1897.55**	**1907.13**	**608.94**	**254348.54**
Depreciation/amortisation														
Opening accumulated depreciation/amortisation	–	23.50	6501.45	56035.91	7.08	901.85	1195.10	751.89	65416.78	2.58	1138.53	1141.11	–	66557.89
Depreciation/amortisation for the period	–	5.74	1622.85	14764.31	0.62	110.08	193.74	214.76	16912.10	2.87	304.56	307.43	–	17219.53
Disposals/deductions during the period	–	–	14.44	1520.55	2.32	31.47	112.07	33.47	1714.32	0.23	–	0.23	–	1714.55
Closing accumulated depreciation/amortisation	**–**	**29.24**	**8109.86**	**69279.67**	**5.38**	**980.46**	**1276.77**	**933.18**	**80614.56**	**5.22**	**1443.09**	**1448.31**	**–**	**82062.87**
Net carrying amount														
Net block as at 31.03.2011	**7212.18**	**455.25**	**42067.58**	**119245.87**	**3.30**	**752.64**	**854.48**	**626.61**	**171217.91**	**4.36**	**454.46**	**458.82**	**608.94**	**172285.67**

* Additions include ₹ 2900.94 Lacs on account of increase due to revaluation.

2 Notes to consolidated accounts (contd...)

Note: 2.11 Fixed assets *(contd...)* *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
i) Depreciation and amortisation for the year/period include:				
a) Depreciation and amortisation for earlier years		–		(2.60)
b) Depreciation capitalised		–		1.07

ii) Land, Building, Plant & Machinery, Railway siding, Tube well and Water supply machinery of Balrampur unit were revalued as at 30th June, 1988 on net replacement value as per the report of S. R. Batliboi Consultants Pvt. Ltd. and the cost of respective asset aggregating to ₹ 1200.77 Lacs was substituted by the revalued amount of ₹ 1920.52 Lacs and the resultant increase was credited to Revaluation reserve.

iii) Land, Building and Plant & Machinery of Tulsipur unit were revalued as at 31st March, 1999 on net replacement value as per the report of Lodha & Co. and the cost of the respective asset aggregating to ₹ 1023.85 Lacs was substituted by the revalued amount of ₹ 2944.93 Lacs and the resultant increase was credited to Revaluation reserve in the books of erstwhile Tulsipur Sugar Company Limited.

iv) There is a pari passu charge by way of hypothecation and equitable mortgage on the fixed assets of Kumbhi and Gularia units of the Company for an amount of Euro 4.50 million equivalent to ₹ 2456.61 Lacs (Previous period ₹ 2456.61 Lacs) in favour of BNP Paribas, India for securing Swap Contracts entered into in connection with hedging in respect of some of the External Commercial Borrowings availed by the Company.

v) Lease deed for 50 acres of land (Out of total land of 705 acres) for Jhansi plant has not been executed. In respect of some other land, the registration formalities are under process.

Note: 2.12 Non-current investments

Particulars	Face value	As at 31st March, 2012		As at 31st March, 2011	
		No. of shares	₹ in Lacs	No. of shares	₹ in Lacs
Trade investments					
Unquoted (Valued at cost)					
a) In equity shares of companies					
Fully paid up :					
Associate company:					
VA Friendship Solar Park Pvt. Ltd.#	₹10	10800	139.19	10200	131.32
Add: Share of profit			4.10		1.22
			143.29		132.54
Others :					
Asia Sugar Industries Pvt. Ltd.	₹10	250000	12.43	250000	12.43
b) In debentures of a company					
Fully paid up :					
Visual Percept Solar Projects Pvt. Ltd.	₹100	4050000	4050.00	–	–
Total (A)			**4205.72**		**144.97**
Other investments					
Unquoted (Valued at cost)					
a) In equity shares of companies					
Fully paid up					
Fortuna Services Ltd.	₹1	70287	0.70	70287	0.70
Balrampur Sugar Company Consumers Co-operative Society Ltd.	₹100	35	0.03	35	0.03
Co-operative Development Union Ltd.	₹10	110	0.01	110	0.01
Co-operative Stores Ltd.	₹10	1	@ –	1	@ –
b) In Post Office National Saving Certificates			9.63		7.58
(Deposited with Government authorities)					
Total (B)			**10.37**		**8.32**
Total (A + B)			**4216.09**		**153.29**
Aggregate amount of unquoted investments			4216.09		153.29

\# Investment in associate includes goodwill of ₹ 97.95 lacs (previous period ₹ 93.69 lacs), net of accumulated impairment ₹ 97.95 lacs (Previous period ₹ 93.69 lacs).

2 Notes to consolidated accounts (contd...)

Note: 2.12 Non-current investments *(contd...)*

The Company has tested for impairment of goodwill relating to the investment in associate and an impairment charge of ₹ 4.26 lacs (Previous period ₹ 93.69 lacs) has been recognised during the year which has been shown under Note no. 2.27 - Depreciation and amortisation expense in the Statement of Profit and Loss.

@ Shown as Nil due to rounding off.

During the year, the Company has invested ₹ 4050.00 Lacs in unsecured non-convertible debentures of Visual Percept Solar Projects Pvt. Ltd. The debentures carry an over all simple yield to maturity of 9.50% p.a. The coupon amount is payable annually @ 5% p.a. for the first six years and 14% p.a. for the next six years. The debentures are redeemable at par at the end of twelve years from the date of allotment.

Note: 2.13 Long-term loans and advances *(unsecured, considered good unless stated otherwise)* *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Capital advances		132.46		36.10
Security deposits		72.67		90.91
Other loans and advances				
Advance to suppliers and others				
Considered doubtful	230.98		232.33	
Less: Allowance for doubtful advance	230.98		232.33	
	–		–	
MAT credit entitlement	5642.00		5642.00	
Prepaid expenses	20.65		13.04	
Duties and taxes paid under protest	340.83	6003.48	278.46	5933.50
		6208.61		**6060.51**

Note: 2.14 Other non-current assets *(unsecured, considered good unless stated otherwise)* *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Trade receivables outstanding for a period exceeding six months from due date				
Considered doubtful	98.71		98.71	
Less : Provision for doubtful debts	98.71	–	98.71	–
Fixed deposits with banks (Non current portion with original maturity period of more than 12 months)				
For Molasses storage fund (Earmarked)	11.70		70.96	
Pledged with Excise Authorities/deposited with UPPCL	41.00		35.01	
Others	–	52.70	1.00	106.97
Interest accrued but not due		6.58		7.25
Claims receivable		25.25		25.25
		84.53		**139.47**

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.15 Inventories *(valued at lower of cost and net realizable value, unless stated otherwise)* *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Raw materials		3039.32		3166.98
Packing materials		234.07		247.81
Work-in-progress				
Sugar	1278.87		430.99	
Molasses	58.19		42.41	
Organic manure	37.66	1374.72	43.45	516.85
Finished goods				
Sugar	181631.37		133941.24	
Industrial alcohol	2053.66		2007.37	
Banked power	73.27		71.91	
Organic manure	43.56	183801.86	27.71	136048.23
Stores and spares	4646.82		4067.73	
Add: Goods-in-transit	105.67	4752.49	122.52	4190.25
Loose tools		316.53		330.87
Standing crop *		18.07		14.92
By-products*		6241.98		4614.67
		199779.04		**149130.58**

* Valued at net realizable value.

Note: 2.16 Trade receivables *(unsecured, considered good)* *(₹ in Lacs)*

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Trade receivables outstanding for a period exceeding six months from due date		98.34		186.13
Other trade receivables		14597.65		8801.70
		14695.99		**8987.83**

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.17 Cash and bank balances

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Cash and cash equivalents				
Balances with banks				
On current accounts	865.98		2803.90	
Cheques on hand	0.23		69.44	
Cash on hand	197.82		121.30	
Short-term, highly liquid investments in mutual fund	–	1064.03	12500.00	15494.64
Other bank balances				
Earmarked balances				
Fixed deposits for molasses storage fund				
Current portion of original maturity period more than 12 months	1.65		18.75	
Original maturity period upto 12 months	36.27		85.33	
	37.92		104.08	
Unpaid dividend accounts	138.64	176.56	136.16	240.24
Fixed deposits with banks pledged with Excise Authorities/deposited with UPPCL				
Current portion of original maturity period more than 12 months	36.00		25.00	
Original maturity period upto 12 months	32.51	68.51	76.51	101.51
Other fixed deposits with banks				
Current portion of original maturity period more than 12 months		1.00		–
Balances with post office		0.56		0.46
		1310.66		**15836.85**

Note: 2.18 Short-term loans and advances *(unsecured, considered good)*

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Security deposits		190.06		120.07
Other loans and advances				
Intercorporate deposits	11420.00		9000.00	
Loan to others	1156.00		1100.00	
Advance to suppliers and others	1591.84		3160.03	
Cenvat, Vat and other taxes/duties	959.55		2675.52	
Prepaid expenses	230.48		219.49	
Others	3.92	15361.79	4.63	16159.67
		15551.85		**16279.74**

Note: 2.19 Other current assets *(unsecured, considered good)*

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Interest accrued but not due		165.35		373.02
Claims receivable		17043.25		12273.72
Income tax refundable		102.66		0.16
		17311.26		**12646.90**

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.20 Revenue from operations

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Sale of goods (Gross)				
Sugar	194817.43		246530.87	
Raw sugar *	–		9669.80	
Power	21810.67		29392.93	
Industrial alcohol	15688.15		16481.99	
Organic manure	269.13		370.61	
Molasses	2384.14		3023.64	
Others	4061.63	239031.15	851.97	306321.81
Other operating revenues				
Profit from sugar trading		–		418.05
Revenue from operations (Gross)		**239031.15**		**306739.86**
Less : Excise duty and cess on sale of goods		8076.52		9082.84
Revenue from operations (net)		**230954.63**		**297657.02**

* Traded goods

Note: 2.21 Other income

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Interest income				
Non-current investments				
Debentures	42.05		–	
Others	1.14		0.80	
	43.19		0.80	
Inter corporate deposit/Loan to others	1403.94		887.24	
Fixed deposits with banks	26.01		23.82	
Income tax refund	1.98		20.39	
Others	12.09	1487.21	30.40	962.65
Net gain on sale of highly liquid investments		135.33		381.40
(treated as cash and cash equivalent)				
Other non-operating income				
Net gain on foreign currency transactions and translations	–		294.99	
Gain on raw sugar derivatives	–		139.98	
Insurance claims	125.30		301.30	
Profit on sale of fixed assets	66.15		18.84	
Unspent liabilities/balances written back	579.03		129.42	
Provisions for doubtful debts/advances written back	1.35		555.19	
Provision for wealth tax for earlier years written back	1.88		–	
Provision for contingencies written back	–		0.45	
Provision for diminution in value of investments written back	–		1.47	
Storage fund for molasses written back	130.57		–	
Profit from farm accounts [Refer note no.2.29(7)]	26.61		17.22	
Miscellaneous income	99.05	1029.94	193.52	1652.38
		2652.48		**2996.43**

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.22 Cost of materials consumed

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Sugar cane *		222066.32		279870.34
Raw sugar		–		21719.77
Molasses		784.45		1308.82
Bagasse		923.51		525.59
Press mud		37.35		44.90
Others		2451.58		5056.47
		226263.21		**308525.89**

* Includes a sum of ₹ 9234.98 Lacs accrued during the year in view of the judgement dated 17th January, 2012 pronounced by the Hon'ble Supreme Court vacating its earlier Orders for payment of differential cane price for the crushing season 2007-2008.

Note: 2.23 Purchases of stock-in-trade

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Raw sugar		–		9893.68
		–		**9893.68**

Note: 2.24 Changes in inventories of finished goods, by-products and work-in-progress

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Finished goods				
Opening stock				
Sugar	133941.24		19715.98	
Industrial alcohol	2007.37		733.11	
Banked power	71.91		120.94	
Organic manure	27.71	136048.23	50.15	20620.18
Less : Closing stock				
Sugar	181631.37		133941.24	
Industrial alcohol	2053.66		2007.37	
Banked power	73.27		71.91	
Organic manure	43.56	183801.86	27.71	136048.23
Total (A)		**(47753.63)**		**(115428.05)**
By-products				
Opening stock		4614.67		573.21
Less : Closing stock		6241.98		4614.67
Total (B)		**(1627.31)**		**(4041.46)**

Notes forming part of the Consolidated Financial Statements

Note: 2.24 Changes in inventories of finished goods, by-products and work-in-progress *(contd...)* *(₹ in Lacs)*

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Work-in-progress				
Opening stock				
Sugar	430.99		132.89	
Molasses	42.41		6.78	
Organic manure	43.45	516.85	5.60	145.27
Less : Closing stock				
Sugar	1278.87		430.99	
Molasses	58.19		42.41	
Organic manure	37.66	1374.72	43.45	516.85
Total (C)		(857.87)		(371.58)
Total (A + B+ C)		(50238.81)		(119841.09)
Less : Excise duty and cess on stock *		1529.13		4722.08
		(48709.68)		(115119.01)

* The amount of excise duty and cess on stock represents differential excise duty and cess on opening and closing stock.

Note: 2.25 Employee benefits expense *(₹ in Lacs)*

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Salaries and wages		10228.95		14245.06
Contribution to provident and other funds		1269.85		1851.99
Employee stock option scheme		(2.32)		239.72
Staff welfare expense		277.79		461.00
		11774.27		16797.77

Note: 2.26 Finance costs *(₹ in Lacs)*

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Interest expense				
On long-term borrowings	7187.07		10883.48	
On short-term borrowings	7242.30		3868.47	
Others	9.85	14439.22	16.04	14767.99
Other borrowing costs		301.90		96.47
		14741.12		14864.46

Note: 2.27 Depreciation and amortisation expense *(₹ in Lacs)*

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Depreciation and amortisation on tangible assets *		11053.57		16911.03
Amortisation on intangible assets *		492.22		307.43
Impairment of goodwill**		4.26		93.69
		11550.05		17312.15

* Refer note no.2.11.

** Refer note no.2.12.

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.28 Other expenses

(₹ in Lacs)

Particulars	Year ended 31st March, 2012		18 months ended 31st March, 2011	
Consumption of stores and spare parts		2104.47		2665.01
Packing materials		4349.61		6037.03
Power and fuel		382.69		560.11
Rent		58.37		141.61
Repairs				
Buildings	324.44		382.64	
Machinery	3504.04		4381.10	
Others	260.31	4088.79	396.22	5159.96
Insurance		265.03		468.08
Rates and taxes (excluding taxes on income)		203.10		286.89
Commission to non-whole time directors		–		25.00
Payments to auditors				
As auditor for statutory audit	26.61		20.02	
For tax audit	11.21		4.52	
For management services	–		11.90	
For other services (Limited reviews & certifications)	11.16		24.68	
For reimbursement of expenses	1.28	50.26	2.49	63.61
Net loss on foreign currency transactions and translations		1018.76		–
Charity and donation		196.17		179.47
Directors' fees		4.78		6.64
Miscellaneous expenses		4829.47		7473.64
Loss on sale/discard of fixed assets		253.37		1823.35
Sundry debit balances/advances written off		0.40		471.22
Share issue expenses written off		–		53.27
Transfer to storage fund for molasses		24.91		78.40
Provision for doubtful debts and advances		–		98.71
Bad debts written off		–		404.19
Prior period expenses *		1.88		5.00
		17832.06		**26001.19**
* **Includes**				
Salary and wages		–		2.50
Rates and taxes		0.06		2.12
Miscellaneous expenses		1.82		0.38
		1.88		**5.00**

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.29 Other disclosures

1. Contingent liabilities and commitments (to the extent not provided for)

(₹ in Lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
a) Contingent liabilities		
i) Claims against the Company not acknowledged as debts		
a) Excise duty demand - under appeal	376.76	598.60
b) Sales tax demand - under appeal	24.65	47.28
c) Others - under appeal/litigation	452.12	885.06
	853.53	**1530.94**
ii) Claims for acquisition of 1.99 acres of land for the Chemical unit at Balrampur and compensation there against is under dispute as the matter is sub-judice	Amount not ascertainable	Amount not ascertainable

The amounts shown in (i) above represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be estimated accurately. The Company does not expect any reimbursements in respect of the above contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the grounds that there are fair chances of successful outcome of appeals.

(₹ in Lacs)

b) Commitments		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for	512.72	493.92
ii) Advance paid against above	132.46	36.10

2. Disclosures in terms of Accounting Standard-29

Movement for provision for contingencies

(₹ in Lacs)

Particulars	Duties & taxes	Others	Total
Balance as at 1st April, 2011	49.76	0.58	50.34
Provided during the year	–	–	–
Amount used during the year	–	–	–
Reversed during the year	–	–	–
Balance as at 31st March, 2012	**49.76**	**0.58**	**50.34**
Balance as at 1st October, 2009	295.99	1.03	297.02
Provided during the period	–	–	–
Amount used during the period	–	–	–
Reversed during the period	* 246.23	0.45	246.68
Balance as at 31st March, 2011	**49.76**	**0.58**	**50.34**

* Reversed in view of Rehabilitation Scheme sanctioned by Hon'ble BIFR.

Other provisions for contingencies as referred to above represents provision for contingencies towards various claims made / anticipated against the Company based on the Management's assessment.

It is not possible to estimate the timing / uncertainties relating to the utilisation /reversals from the provision for contingencies. Future cash outflow in respect of the above is determinable only upon Court decision / out of Court settlement /disposal of appeals.

The Company does not expect any reimbursement in respect of the above provisions.

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

3. Based on the information / documents available with the Company, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows

(₹ in Lacs)

Sl. No.	Particulars	As at 31st March, 2012	As at 31st March, 2011
a)	The principal amount remaining unpaid to suppliers as at the end of accounting year *	26.57	74.32
b)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	0.06	0.34
c)	The amount of interest paid in terms of Section 16, along with the amount of payment made to the suppliers beyond the appointed day during the year	–	0.04
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	0.88	0.28
e)	The amount of interest accrued during the year/period and remaining unpaid at the end of the accounting year*	0.94	0.61
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Micro and Small Enterprises	–	–

* Included in the line item "Total outstanding dues of Micro and Small Enterprises" under Notes no. 2.8 and 2.9.

4. As approved by the Board of Directors of the Company and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, the Company made a Public Announcement on February 22, 2011, to buy-back the Equity Shares of the Company from open market through stock exchange route at a price not exceeding ₹ 85/-per share, for an aggregate amount of ₹11000.00 lacs.

   Till 31st March, 2011, the Company bought back 4678678 Equity Shares at an average price of ₹ 69.80 per share for an aggregate amount of ₹ 3265.96 lacs out of which 3449147 Equity Shares were extinguished till 31st March, 2011 and the remaining 1229531 Equity Shares were extinguished on 13th April, 2011. The amount paid on buy back of Equity Shares which were yet to be extinguished as on 31st March, 2011 has been shown by way of deduction from the Shareholders' Fund.

   The Company has further bought back 10731457 Equity Shares at an average price of ₹ 71.76 per share for an aggregate amount of ₹ 7701.60 lacs which were extinguished during the year. Thus, the Company has bought back in aggregate 15410135 Equity Shares involving an amount of ₹ 10967.56 lacs. The amount paid towards buy back of Equity Shares, in excess of the face value, has been utilised out of General reserve of the Company. Equity Share capital of the Company was reduced by an amount equal to the face value of the Equity Share bought back and as required the Capital Redemption Reserve was created for an amount equal to the face value of the total Equity Shares bought back by utilising the General Reserve of the Company.

5. The Employee Stock Option Scheme of the Company was formulated in the year 2005. The details of Options granted, lapsed and exercised as on 31st March, 2012 are as under

Year of Issue	2005-06	2006-07	2007-08	2008-09	2008-09	Total
Series	1st	2nd	3rd	4th	5th	
Date of grant of Option	31/10/05	27/11/06	27/11/07	25/11/08	28/05/09	
Initial Exercise Price (₹)	74.60	104.10	72.20	74.20	45.00	
Revised Exercise Price (₹)	45.00	45.00	45.00	45.00	N.A.	
Market Price on the date of grant (₹)	81.10	87.65	90.75	35.40	82.35	
Excess of initial Exercise Price over Revised Exercise Price (₹)	29.60	59.10	27.20	29.20	N.A.	
Excess of Market Price over Exercised Price/Revised Exercise Price (₹)	36.10	42.65	45.75	–	37.35	
Number of Options granted upto 31.03.2011	622500	883000	995500	1280000	1464500	5245500
Number of Options exercised upto 31.03.2011	447500	653500	821000	1157000	1146350	4225350
Number of Options lapsed upto 31.03.2011	162000	208500	139500	80000	96500	686500
Number of Options outstanding on 01.04.2011	13000	21000	35000	43000	221650	333650
Number of Options exercised during the year	–	–	–	–	–	–
Number of Options lapsed during the year	–	1500	–	1000	4500	7000
Number of Options outstanding on 31.03.2012	13000	19500	35000	42000	217150	326650

Refer Director's Report for other disclosures.

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

6. Based on the review made at the Balance Sheet date, MAT credit of ₹ 5642.00 lacs recognised in earlier years is carried forward as the Management is confident that there will be sufficient taxable profit during the specified period to utilise the same.

7. Details of profit from farm accounts

(₹ in Lacs)

Particulars	Year ended 31st March, 2012	18 months ended 31st March, 2011
Income		
Sales	59.91	126.05
Closing stock of standing crop	18.07	14.92
	77.98	140.97
Expenses		
Opening stock of standing crop	14.92	35.25
Cane seeds purchase	5.23	13.95
Fertilisers and manures	5.46	12.69
Salaries and wages	7.37	17.22
Power and fuel	2.90	6.24
Rent	1.38	9.62
Irrigation and cultivation expenses	10.79	19.49
Repairs - others	2.36	7.18
Miscellaneous expenses	0.96	2.11
	51.37	123.75
Profit from farm accounts	26.61	17.22

8. Earnings per share - the numerators and denominators used to calculate basic / diluted earnings per share

Particulars	Year ended 31st March, 2012	18 months ended 31st March, 2011
a) Amount used as the numerator (₹ in lacs)		
Profit after tax, Minority Interest and Share of Associate - (A)	43.44	16269.16
b) Weighted average number of Equity Shares Outstanding used as the denominator for computing Basic Earnings per Share - (B)	245840964	258756052
Add : Weighted average number of Equity Shares on account of Employees Stock Option Scheme	131410	134180
c) Weighted average number of Equity Shares Outstanding used as the denominator for computing Diluted Earnings per Share - (C)	245972374	258890232
d) Nominal value of Equity Shares (₹)	1.00	1.00
e) Basic Earnings per Share (₹) (A/B)	0.02	6.29
f) Diluted Earnings per Share (₹) (A/C)	0.02	6.28

9. The Company has been granted eligibility certificate dated 23rd February, 2007 under New Sugar Industry Promotion Policy, 2004 of the Government of Uttar Pradesh. Accordingly, incentives aggregating to ₹ 7307.81 lacs (Previous period ₹ 8288.68 lacs) allowable under the above policy have been accounted for during the year under review.

   The above policy has been terminated by the Government of Uttar Pradesh vide order dated 4th June, 2007 wherein the Government expressed its intention to introduce another policy. The Company has been legally advised that it continues to be eligible to receive the incentives under the above policy. Furthermore, the Company has filed Writ Petition against withdrawal of the aforesaid policy which has been admitted by the Lucknow Bench of the Hon'ble Allahabad High Court vide its Order dated 9th May, 2008, the hearing in respect of which is in progress.

2 Notes to consolidated accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

10. **Employee benefits**

As per Accounting Standard - 15 "Employee Benefits", the disclosure of Employee Benefits as defined in the Accounting Standard are as follows:

Defined contribution plan

Employee benefits in the form of Provident fund and Labour welfare fund are considered as defined contribution plan except that Provident fund in respect of certain employees is contributed to a fund set up by the Company which is treated as defined benefit plan since the Company has to meet the interest shortfall.

The contributions to the respective fund are made in accordance with the relevant statute and are recognised as expense when employees have rendered service entitling them to the contribution. The contributions to defined contribution plan, recognised as expense in the Statement of Profit and Loss are as under :

(₹ in Lacs)

Defined contribution plan	Year ended 31st March, 2012	18 months ended 31st March, 2011
Employers' Contribution to Provident Fund	451.51	536.99
Employers' Contribution to Labour Welfare Fund	0.01	0.01

Defined benefit plan

Long-term employee benefits in the form of gratuity and leave encashment are considered as defined benefit obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefits recognised in the Balance Sheet represent the present value of the obligation as adjusted for unrecognised past service cost and as reduced by the fair value of plan assets.

Provident fund in respect of certain employees is contributed to a fund set up by the Company which is treated as a defined benefit plan since the Company has to meet the interest shortfall. The interest shortfall of ₹ 11.06 lacs (Previous period ₹ 23.93 lacs) at the year end is recognised as expenses for the year.

Any asset resulting from this calculation is limited to the discounted value of any economic benefit available in the form of refunds from the plan or reduction in future contribution to the plan. The amount recognised in the Accounts in respect of Employees Benefit Schemes based on actuarial reports are as follows :

a) **Details of funded post retirement plans are as follows**

(₹ in Lacs)

	31st March, 2012		31st March, 2011	
Particulars	**Gratuity**	**Provident Fund**	**Gratuity**	**Provident Fund**
I. Components of Employer Expense:				
1 Current Service Cost	189.97	132.88	270.61	182.72
2 Past Service Cost	–	–	–	–
3 Interest Cost	180.31	188.97	188.96	161.02
4 Expected return on Plan Assets	187.24	193.76	192.23	159.91
5 Actuarial (Gain) /Loss recognised in the year	101.73	(40.51)	195.17	38.46
6 Expense recognised in the Statement of Profit and Loss	284.77	87.58	462.51	222.29
II. Change in Present Value of Defined Benefit Obligation :				
1 Present value of Defined Benefit Obligation at the beginning of the year	2202.78	2199.02	1691.56	1887.79
2 Acquisition Adjustment	–	–	28.61	–
3 Interest Cost	180.31	188.97	188.96	161.02
4 Past Service Cost	–	–	–	–
5 Current Service Cost	189.97	132.88	270.61	182.72
6 Employees Contribution	–	145.63	–	203.35
7 Benefits Paid	163.07	95.57	233.75	385.63
8 Actuarial (Gain) / Loss	2.36	(44.36)	256.79	149.77
9 Present value of Defined Benefit Obligation at the end of the year	2412.35	2526.57	2202.78	2199.02

Notes forming part of the Consolidated Financial Statements

Note: 2.29 Other disclosures *(contd...)*

(₹ *in Lacs)*

Particulars	31st March, 2012 Gratuity	31st March, 2012 Provident Fund	31st March, 2011 Gratuity	31st March, 2011 Provident Fund
III. Change in Fair Value of Plan Assets during the year				
1 Plan Assets at the beginning of the year	2202.78	2152.92	1601.90	1881.26
2 Expected return on Plan Assets	187.24	193.76	192.23	159.91
3 Actual Company Contribution	284.77	278.51	580.79	386.06
4 Benefits paid	163.07	95.57	233.75	385.63
5 Actuarial Gain / (Loss)	(99.37)	(3.85)	61.61	111.32
6 Plan Assets at the end of the year	2412.35	2525.77	2202.78	2152.92
IV. Net Asset / (Liability) recognised in the Balance Sheet as at year end				
1 Present value of Defined Benefit Obligation	2412.35	2526.57	2202.78	2199.02
2 Fair value of Plan Assets	2412.35	2525.77	2202.78	2152.92
3 Funded Status [Surplus/(Deficit)]	–	(0.80)	–	(46.10)
4 Net Asset / (Liability) recognised in Balance Sheet	–	(0.80)	–	(46.10)
V. Actuarial Assumptions				
1 Discount Rate (per annum) %	8.50	8.25	8.00	9.50
2 Expected return on Plan Assets (per annum) %	8.50	9.00	8.00	8.50
3 Expected Rate of Salary increase %	5.00	5.00	5.00	5.00
4 Retirement/Superannuation Age (Year)	60	60	60	60
5 Mortality Rates	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996	LICI 1994-1996
VI. Major Category of Plan Assets as a % of the Total Plan Assets as at year end				
1 Administered by Insurance Companies	75%	–	68%	–
2 Public Financial Institutions / Public Sector Companies	10%	54%	13%	51%
3 Central / State Government Securities	14%	46%	18%	49%
4 Bank Deposits	–	–	–	–
5 Others (Cash and Cash Equivalents)	1%	–	1%	–
VII. Expected Employer's Contribution for the next year				
Expected Employer's Contribution for the next year	313.24	141.00	275.00	194.13

VIII. Basis used to determine the expected rate of return on plan assets

The basis used to determine overall expected Rate of return on Plan Assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the Capital and optimise returns within acceptable risk parameters, the Plan Assets are well diversified.

IX. The history of experience adjustments for funded post retirement plans are as follows

(₹ *in Lacs)*

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 30th September, 2009	As at 30th September, 2008
Gratuity				
Present value of defined benefit obligation	2412.35	2202.78	1691.56	1504.48
Fair value of plan assets	2412.35	2202.78	1601.90	1405.54
(Deficit)/Surplus	–	–	(89.66)	(98.94)
Experience adjustments of plan assets - Gain/(Loss)	(99.37)	(21.92)	(23.16)	(10.26)
Experience adjustments of obligation (Gain)/Loss	2.36	183.64	43.75	(37.12)
Provident Fund				
Present value of defined benefit obligation	2526.57	2199.02	1887.79	1805.61
Fair value of plan assets	2525.77	2152.92	1881.25	1781.00
(Deficit)/Surplus	(0.80)	(46.10)	(6.54)	(24.61)
Experience adjustments of plan assets - Gain/(Loss)	165.98	111.32	(6.46)	(72.66)
Experience adjustments of obligation (Gain)/Loss	(20.35)	149.77	(24.73)	(55.72)

2 Notes to consolidated accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

b) Details of unfunded post retirement defined obligations are as follows:

(₹ in Lacs)

Particulars	Leave Encashment (Unfunded)	
	31st March, 2012	31st March, 2011
I. Components of Employer Expense		
1 Current Service Cost	27.07	60.36
2 Past Service Cost	–	–
3 Interest Cost	15.33	17.90
4 Expected return on Plan Assets	–	–
5 Actuarial (Gain) /Loss recognised in the year	18.99	2.45
6 Expense recognised in the Statement of Profit and Loss	61.39	80.71
II. Change in Present Value of Defined Benefit Obligation		
1 Present value of Defined Benefit Obligation at the beginning of the year	203.42	173.27
2 Interest Cost	15.33	17.90
3 Past Service Cost	–	–
4 Current Service Cost	27.07	58.13
5 Benefits Paid	46.10	48.33
6 Actuarial (Gain) / Loss	18.99	2.45
7 Present value of Defined Benefit Obligation at the end of the year	218.71	203.42
III. Net Asset / (Liability) recognised in the Balance Sheet as at year end		
1 Present value of Defined Benefit Obligation	218.71	203.42
2 Fair value of Plan Assets	–	–
3 Funded Status [Surplus/(Deficit)]	(218.71)	(203.42)
4 Net Asset / (Liability) recognised in Balance Sheet	(218.71)	(203.42)
IV. Actuarial Assumptions		
1 Discount Rate (per annum) %	8.50	8.00
2 Expected return on Plan Assets (per annum) %	–	–
3 Expected Rate of Salary increase %	5.00	5.00
4 Retirement/Superannuation Age (Year)	60	60
5 Mortality Rates	LICI 1994-1996	LICI 1994-1996
V. Expected Employer's Contribution for the next year		
Expected Employer's Contribution for the next year	23.17	37.00

c) **Other disclosures**

i) Basis of estimates of Rate of escalation in salary

The estimates of rate of escalation in salary, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

ii) The Gratuity and Provident fund expenses have been recognised under "Contribution to Provident and other funds" and Leave encashment under "Salaries and wages" under Note no.2.25.

11. **Segment information as per Accounting Standard-17 on 'Segment Reporting'**

The Company has identified three primary business segments viz. Sugar, Distillery and Co-generation. Segments have been identified and reported taking into account the nature of the products, the differing risks and returns, the organisational structure and internal business reporting system.

a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

b) Segment assets and segment liabilities represent assets and liabilities of respective segment. Investments, tax related assets/ liabilities and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

2 Notes to consolidated accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

c) Information about primary business segments *(₹ in Lacs)*

Particulars	Sugar	Distillery	Co-generation	Others	Unallocable	Total
Revenue						
Gross sales	214066.52	15807.48	30226.97	269.99	–	260370.96
	(277224.90)	(16601.88)	(43260.06)	(379.82)	(–)	(337466.66)
Less : Inter segment sales	12918.75	3.90	8416.29	0.87	–	21339.81
	(17263.47)	(7.87)	(13867.13)	(6.38)	(–)	(31144.85)
External sales	201147.77	15803.58	21810.68	269.12	–	239031.15
	(259961.43)	(16594.01)	(29392.93)	(373.44)	(–)	(306321.81)
Less : Excise duty and cess on external	6986.84	1089.68	–	–	–	8076.52
sales	(8458.22)	(624.62)	(–)		(-)	(9082.84)
Net sales	194160.93	14713.90	21810.68	269.12	–	230954.63
	(251503.21)	(15969.39)	(29392.93)	(373.44)	(-)	(297238.97)
Add: Other operating revenue	–	–	–	–	–	–
	(418.05)	–	–	–	–	(418.05)
Add : Allocable other income	870.70	55.63	75.67	1.13	–	1003.13
	(482.92)	(27.53)	(255.11)	(482.97)	(-)	(1248.53)
Total revenue	195031.63	14769.53	21886.35	270.25	–	231957.76
	(252404.18)	(15996.92)	(29648.04)	(856.41)	(-)	(298905.55)
Segment results	(2217.34)	5383.15	14212.65	(69.94)	–	17308.52
	(17626.11)	(4471.31)	(18416.73)	(-) (222.76)	(-)	(40291.39)
Add: Interest Income					1487.21	1487.21
					(962.65)	(962.65)
Less:						
Unallocable expenditure net of unallocable					3898.53	3898.53
income					(4012.26)	(4012.26)
Finance costs					14741.12	14741.12
					(14864.46)	(14864.46)
Profit before tax						156.08
						(22377.32)
Tax						
Current tax						156.00
						(3754.00)
Deferred tax charge/(write back)						(37.56)
						(2097.00)
MAT credit write down (net)						–
						(262.18)
Tax provision for earlier years written back						(2.92)
						(-) (3.80)
Profit after tax						40.56
						(16267.94)
Other information						
Segment assets	316349.93	17483.69	60859.44	1399.90	24571.44	420664.40
	(272151.81)	(18510.36)	(58653.11)	(1456.34)	(30749.22)	(381520.84)
Segment liabilities	72953.17	2580.53	229.81	163.16	24772.91	100699.58
	(18662.13)	(2697.42)	(230.80)	(136.84)	(29880.65)	(51607.84)
Capital expenditure	1257.29	27.35	69.58	0.21	158.81	1513.24
	(2691.50)	(33.02)	(3001.17)	(0.14)	(324.66)	(6050.49)
Depreciation and amortisation	6552.56	823.76	3572.54	64.20	536.99	11550.05
	(10269.87)	(1237.20)	(5503.48)	(201.35)	(100.25)	(17312.15)
Non cash expenses other than	468.45	1.55	690.64	4.89	8.63	1174.16
depreciation and amortisation	(1573.98)	(53.27)	(743.81)	(189.14)	(608.66)	(3168.86)

i) Transactions between segments are primarily for materials which are transferred at market determined prices. Common costs are apportioned on a reasonable basis.

ii) Unallocable expenses are net of unallocable income ₹ 162.14 lacs (Previous period ₹ 785.25 lacs).

2 Notes to consolidated accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

iii) Inter segment sales include excise duty and cess ₹ 972.60 lacs (Previous period ₹ 976.32 lacs).

iv) Figures in brackets pertain to previous period.

d) **Information about secondary geographical segments**

i) The information about secondary segments has not been furnished as the export revenue is less than 10% of the total revenue of the Company.

ii) The Company has common fixed assets located in India for producing goods for domestic and overseas markets. Therefore, the value of fixed assets and additions thereto cannot be allocated to the geographical segments. Hence, the total carrying amount of segment assets and cost incurred during the year to acquire segment assets has not been given in respect of secondary segments.

12. Related party disclosures as per Accounting Standard-18 are given below

a) **Name of the related parties and description of relationship**

i) **Associate**	VA Friendship Solar Park Pvt. Ltd.
ii) **Key Managerial Personnel (KMP)**	Shri Vivek Saraogi - Managing Director Smt. Meenakshi Saraogi - Joint Managing Director Shri Kishor Shah - Director-cum-Chief Financial Officer Dr. Arvind Krishna Saxena - Whole-time Director
iii) **Relatives of Key Managerial Personnel**	
Shri Vivek Saraogi	1. Shri K.N.Saraogi (Father) 2. Smt. Meenakshi Saraogi (Mother) 3. Smt. Sumedha Saraogi (Wife) 4. Shri Karan Saraogi (Son) 5. Miss Avantika Saraogi (Daughter) 6. Smt. Stuti Dhanuka (Sister)
Smt. Meenakshi Saraogi	1. Shri K.N. Saraogi (Husband) 2. Shri Vivek Saraogi (Son) 3. Smt. Stuti Dhanuka (Daughter) 4. Smt. Sumedha Saraogi (Daughter-in-Law) 5. Shri Karan Saraogi (Grand-Son) 6. Miss Avantika Saraogi (Grand-Daughter)
iv) **Enterprises in which KMP and their relatives have substantial interest/ significant influence**	1. Meenakshi Mercantiles Ltd. 2. Udaipur Cotton Mills Co. Ltd. 3. Balrampur Institute of Vocational Aid 4. Balrampur Foundation 5. Kamal Nayan Saraogi (HUF) 6. Vivek Saraogi (HUF) 7. Kishor Shah (HUF)

b) **Transactions with related parties :**

(₹ in Lacs)

Nature of transaction / Name of the related party	Associate	Enterprises in which KMP and their relatives have substantial interest/ significant influence	Key Managerial Personnel (KMP)	Relatives of KMP	Total
i) Investments made during the year in					
VA Friendship Solar Park Pvt.Ltd.	12.14	–	–	–	12.14
	(225.01)	(–)	(–)	(–)	(225.01)
ii) Receiving of Services					
Smt. Meenakshi Saraogi	–	–	206.68	–	206.68
	(–)	(–)	(374.55)	(–)	(374.55)
Shri Vivek Saraogi	–	–	210.65	–	210.65
	(–)	(–)	(350.85)	(–)	(350.85)
Shri Kishor Shah	–	–	45.63	–	45.63
	(–)	(–)	(117.84)	(–)	(117.84)
Dr. Arvind Krishna Saxena	–	–	15.01	–	15.01
	(–)	(–)	(18.64)	(–)	(18.64)

2 Notes to consolidated accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

(₹ in Lacs)

Nature of transaction / Name of the related party	Associate	Enterprises in which KMP and their relatives have substantial interest/ significant influence	Key Managerial Personnel (KMP)	Relatives of KMP	Total
iii) Dividend Paid to Shareholders					
Shri K.N.Saraogi	–	–	–	**146.98**	**146.98**
	(–)	(–)	(–)	(809.35)	(809.35)
Smt. Meenakshi Saraogi	–	–	**106.83**	–	**106.83**
	(–)	(–)	(415.33)	(–)	(415.33)
Shri Vivek Saraogi	–	–	**138.64**	–	**138.64**
	(–)	(–)	(262.68)	(–)	(262.68)
Shri Kishor Shah	–	–	**0.30**	–	**0.30**
	(–)	(–)	(1.22)	(–)	(1.22)
Dr. Arvind Krishna Saxena	–	–	**0.14**	–	**0.14**
	(–)	(–)	(0.60)	(–)	(0.60)
Smt. Sumedha Saraogi	–	–	–	**73.49**	**73.49**
	(–)	(–)	(–)	(293.97)	(293.97)
Shri Karan Saraogi	–	–	–	**29.60**	**29.60**
	(–)	(–)	(–)	(118.40)	(118.40)
Miss Avantika Saraogi	–	–	–	**28.10**	**28.10**
	(–)	(–)	(–)	(112.40)	(112.40)
Smt. Stuti Dhanuka	–	–	–	**37.59**	**37.59**
	(–)	(–)	(–)	(150.36)	(150.36)
Meenakshi Mercantiles Ltd.	–	**64.33**	–	–	**64.33**
	(–)	(224.28)	(–)	(–)	(224.28)
Udaipur Cotton Mills Co. Ltd.	–	**49.20**	–	–	**49.20**
	(–)	(196.79)	(–)	(–)	(196.79)
Kamal Nayan Saraogi (HUF)	–	**58.97**	–	–	**58.97**
	(–)	(235.87)	(–)	(–)	(235.87)
Vivek Saraogi (HUF)	–	**1.28**	–	–	**1.28**
	(–)	(5.10)	(–)	(–)	(5.10)
Kishor Shah (HUF)	–	**0.04**	–	–	**0.04**
	(–)	(0.15)	(–)	(–)	(0.15)
iv) Donation paid					
Balrampur Institute of Vocational Aid	–	**136.00**	–	–	**136.00**
	(–)	(45.00)	(–)	(–)	(45.00)
Balrampur Foundation	–	**24.28**	–	–	**24.28**
	(–)	(43.50)	(–)	(–)	(43.50)
v) Employees Stock Options #					
Shri Kishor Shah	–	–	–	–	–
	(–)	(–)	(18.00)	(–)	(18.00)
Dr. Arvind Krishna Saxena	–	–	–	–	–
	(–)	(–)	(13.50)	(–)	(13.50)
vi) Balance Outstanding					
Accounts payable					
Smt. Meenakshi Saraogi	–	–	–	–	–
	(–)	(–)	(165.00)	(–)	(165.00)
Shri Vivek Saraogi	–	–	–	–	–
	(–)	(–)	(165.00)	(–)	(165.00)
Shri Kishor Shah	–	–	–	–	–
	(–)	(–)	(54.00)	(–)	(54.00)

Excluding monetary value of perquisites.

Notes forming part of the Consolidated Financial Statements

2 Notes to consolidated accounts (contd...)

Note: 2.29 Other disclosures *(contd...)*

c) The transactions with related parties have been entered at an amount which are not materially different from those on normal commercial terms.

d) No amount has been written back / written off during the year in respect of due to / from related parties.

e) The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.

f) Figures in brackets pertain to previous period.

13. Derivative instruments

The Company has entered into derivative contracts to hedge the interest rate and currency risks. The details of derivatives contracts entered into for hedging purposes and outstanding as at 31st March, 2012 are as under:

(₹ in Lacs)

Particulars	Amount of exposure hedged As at 31st March, 2012	Amount of exposure hedged As at 31st March, 2011
Swaps	27306.55	55649.88

14. Other notes in respect of a Subsidiary Company (Indo Gulf Industries Ltd.)

i) a) The Government of Uttar Pradesh has initiated recovery proceedings for recovery of Sales Tax dues related to Explosive unit at Jhansi, pursuant to which, the factory at Jhansi has been seized by the Government authorities. All the assets located at factory including records there at remain seized till the year end. Out of the above assets, certain assets pertaining to the said unit have been auctioned by the office of the labour commissioner, Jhansi, against which a sum of ₹ 8.03 lacs (previous period ₹ 8.03 lacs) is lying with them. Pending availability of relevant information, no adjustment in this respect has been carried out in these accounts.

b) The Company's net worth has been fully eroded as the accumulated losses ₹ 634.21 lacs exceeded its shareholders' holder fund of ₹ 95.67 lacs. It is felt that the status of the Company will improve in the following years. Further, the holding company has provided the necessary funds for the operation. Accordingly, the Company has considered that it will be able to continue as a going concern entity.

ii) Due to seizure of Company's explosive plant at Jhansi, the condition of the plant & machineries and other fixed assets there at and the impairment loss, if any, in respect thereof could not be determined, pending which no provision for such impairments, if any, could be made in the accounts.

15. a) Previous period's figures are for 18 months and hence not comparable with current year's figures which are for 12 months.

b) The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous period's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosures.

As per our report of even date attached.

For **G. P. Agrawal & Co.**
Chartered Accountants
F. R. No. 302082E

For and on behalf of the Board of Directors

(CA. Ajay Agrawal
Membership No. 17643)
Partner

S. K. Agrawala
Company Secretary

Kishor Shah
Director cum
Chief Financial Officer

Vivek Saraogi
Managing Director

Place: Kolkata
Date: 28th May, 2012.

"Sustainable businesses can lay the foundation for an industrial system that restores nature, eliminates the concept of waste, and creates enduring wealth and social value."

-- William McDonough

Balrampur Chini Mills Limited

Registered Office: 'FMC Fortuna', 2nd Floor, 234/3A, A.J.C. Bose Road, Kolkata – 700 020

PROXY FROM

Folio No. ……………..……. DPID No. ……….…………. Client ID No. ……….………. No. of Shares ……...........................……

I/We ……

…………………………………………………………………… of ……………………………………………… being a member /members of

BALRAMPUR CHINI MILLS LIMITED hereby appoint ……………………………………………………………………………………… of

……………………………………………………………… or failing him ……………………………………………………………………… of

……………………………………………………… or ……………………………………………………………………………………………… of

…………………………………………………… as my /our Proxy to attend and vote for me /us on my /our behalf at the 36th Annual General Meeting of the Company to be held on Tuesday, the 7th August, 2012 at 10.00 A.M. and at any adjournment thereof.

Signed ……………………………………………………… day of ……………………………2012

Affix
Revenue
Stamp

Signature ……………………………………………………………

Note: The Proxy must be returned so as to reach the Registered Office of the Company at 'FMC Fortuna', 2nd Floor, 234/3A, Acharya Jagdish Chandra Bose Road, Kolkata 700 020 not less than FORTYEIGHT HOURS before the time for holding the aforesaid meeting.

Balrampur Chini Mills Limited

Registered Office: 'FMC Fortuna', 2nd Floor, 234/3A, A.J.C. Bose Road, Kolkata – 700 020

ATTENDANCE SLIP

36th Annual General Meeting

Tuesday, the 7th August, 2012 at 10.00 A.M. at 'Kalakunj', 48, Shakespeare Sarani, Kolkata - 700 017.

Name of the attending Member / Proxy (In block letters) ………………………………………………………………………………

Member's Folio No/Client ID No. : ……………………………………………………………………………………………………

DPID   : ……………………………………………………………

No. of Shares held : ……………………………………………

I hereby record my presence at the 36th Annual General Meeting held on Tuesday, the 7th August, 2012.

Member's/ Proxy's Signature

Please bring this Attendance Slip to the meeting and hand over at the entrance duly filled in

Corporate information

Chairman Emeritus
Kamal Nayan Saraogi

Board of Directors
Naresh Chandra (IAS Retd.), *Chairman*

Vivek Saraogi, *Managing Director*

Meenakshi Saraogi,
Joint Managing Director

R. K. Choudhury, *Director*

R. Vasudevan (IAS Retd.), *Director*

R. N. Das (IAS Retd.), *Director*

Kishor Shah,
Director cum Chief Financial Officer

Dr. Arvind Krishna Saxena,
Whole-time Director

Company Secretary
S.K. Agrawala

Board Committees
Audit Committee:
R. Vasudevan, *Chairman*

R. K. Choudhury, *Vice Chairman*

Vivek Saraogi

R. N. Das

Shareholders'/Investors' Grievance Committee:
R. K. Choudhury, *Chairman*

Vivek Saraogi

R. Vasudevan

R. N. Das

Remuneration Committee:
Naresh Chandra, *Chairman*

R. K. Choudhury

R. Vasudevan

R. N. Das

Share Transfer Committee:
Vivek Saraogi

Meenakshi Saraogi

R.K. Choudhury

Kishor Shah

Solicitors and Advocates
Khaitan & Co LLP
1B, Old Post Office Street,
Kolkata 700 001

Bankers
State Bank of India

HDFC Bank

Punjab National Bank

Auditors
G.P. Agrawal & Co.
Chartered Accountants

Registered office
FMC Fortuna, 2nd Floor,
234/3A, A.J.C. Bose Road,
Kolkata 700 020

Sugar Factories
Unit 1: Balrampur
(Including Distillery, Organic Manure and Co-generation units)
Dist: Balrampur, Uttar Pradesh

Unit 2: Babhnan
(Including Distillery, Organic Manure and Co-generation units)
Dist: Gonda, Uttar Pradesh

Unit 3: Tulsipur
Dist: Balrampur, Uttar Pradesh

Unit 4: Haidergarh
(Including Co-generation unit)
Dist: Barabanki, Uttar Pradesh

Unit 5: Akbarpur
(Including Co-generation unit)
Dist: Ambedkar Nagar, Uttar Pradesh

Unit 6: Rauzagaon
(Including Co-generation unit)
Dist: Faizabad, Uttar Pradesh

Unit 7: Mankapur
(Including Distillery, Organic Manure and Co-generation units)
Dist: Gonda, Uttar Pradesh

Unit 8: Kumbhi
(Including Co-generation unit)
Dist: Lakhimpur Kheri, Uttar Pradesh

Unit 9: Gularia
(Including Co-generation unit)
Dist: Lakhimpur Kheri, Uttar Pradesh

Unit 10: Maizapur
Dist: Gonda, Uttar Pradesh

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